

MANAGEMENT REPORT

Q1 2019



SOPHARMA AD

24 April 2019

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I. General information about Sopharma AD

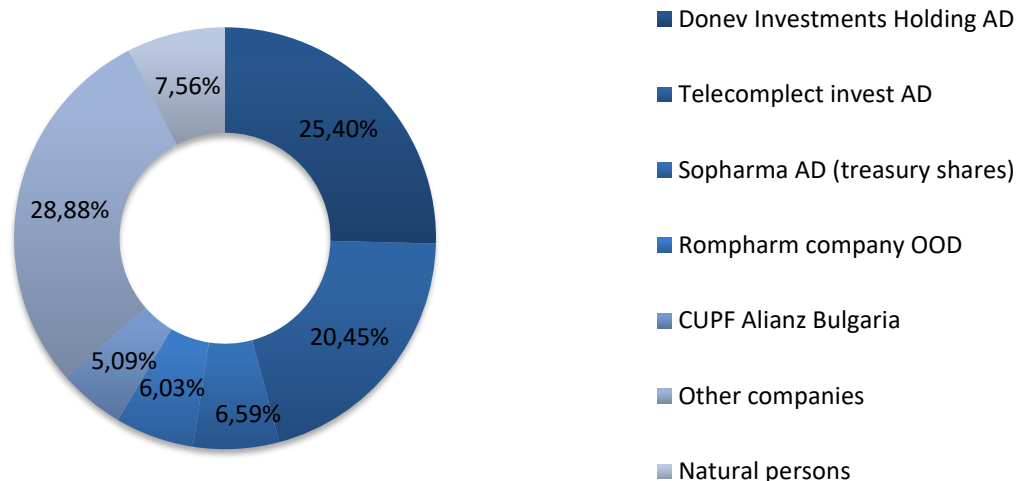
1. Registration and main activities

Sopharma AD is a company registered in Bulgaria under the Provisions of the Commercial Act, with its registered office in Sofia, 16, Iliensko shose str. Sopharma AD was established in 1933. The court registration of the Company is from 15.11.1991, decision №1 / 1991 of Sofia City Court. Sopharma AD is a public company under the Public Offering of Securities Act.

The Company conducts the production and marketing of medicinal substances and dosage forms; research, engineering and implementation activities in the field of photochemistry, chemistry and pharmacy. Sopharma AD provides services related to production, as well as to ancillary and supporting activities.

The Company has marketing authorizations under the Law on Medicines and Pharmacies in Human Medicine for all products of its manufacturing portfolio.

2. Shareholder structure as at 31 March 2019



3. Board of Directors

Sopharma AD has a one tier management system with a Board of Directors of five members as follows: Ognian Donev, PhD - Chairman and members Vessela Stoeva, Ognian Palaveev, Alexander Tchaushev and Ivan Badinski. The Company is represented and managed

by the Executive Director Ognian Donev, PhD.

4. Personnel

The average number of employees for 2019 in Sopharma AD is 2 273 workers and employees (2,137 in 2018). The table below provides more detailed information about the company's personnel.

	31.03.2019	Rel. Share %
Number of employees as at 31.03.2019	2 284	100%
Higher education	945	41%
A college education	50	2%
Secondary education	1253	55%
Primary education	36	2%
Employees under 30	239	10%
Employees 31 - 40 years	440	19%
Employees 41 - 50 years	697	31%
Employees 51 - 60 years	730	32%
Employees over 60	178	8%
Women	1410	62%
Men	874	38%

The training programs offered to employees of the Company aim to develop employee competencies. The training policy is specifically aimed at providing high professional knowledge as well as in relation to the requirements for health and safety at work.

Employees are entitled to the higher additional remuneration required by applicable law on overtime, night shifts and work on Saturdays, Sundays and holidays. Employees who work under specific, harmful or dangerous conditions receive personal protective equipment and allowances.

5. Production activity

Sopharma AD has ten manufacturing plants in line with EU requirements, which are located in Bulgaria. The company is the largest Bulgarian manufacturer of ampoules and suppositories.

The production activity of the company is realized and developed in the following main directions:

- Substances and preparations based on plant raw materials (phytochemical);

- Ready-to-use formulations, incl.:
 - ✓ Solid tablets, coated tablets, film-coated tablets, capsules;
 - ✓ Gallbits - suppositories, drops, syrups, ointments;
 - ✓ Parenteral - injection solutions, lyophilisate powder for injection;
- Medical devices and cosmetics, incl.:
 - ✓ Plasters;
 - ✓ Bandages;
 - ✓ Samitary-hygiene products;
 - ✓ Medicinal cosmetics;
 - ✓ Concentrates for hemodialysis.

6. Products

The Company has more than 210 products in its portfolio: mainly generics and 15 traditional products, 12 of the products are plant-based. The Company's traditional products (in particular Tabex, Carsil and Tempiline) make a major contribution to its export market income, while domestic sales are of major importance to the company's generic products, including Analgin's first drug.

The product portfolio of Sopharma AD focuses on the following therapeutic areas: cardiology, gastroenterology, pain management, cough and cold, immunology and dermatology, respiratory tract and asthma, neurology and psychiatry, urology and gynecology.

The most significant pharmaceutical products in terms of their contribution to the amount of revenue are:

- Carsil – a traditional plant-based product used to treat gastro-enterological diseases (liver diseases);
- Tempalgin - a traditional analgesic (painkiller);
- Tabex - a traditional plant-based drug against tobacco smoke;
- Tribestan - a traditional plant-based product that stimulates the functions of the sexual system;

- Broncholitin - a traditional plant-based product used to suppress cough;
- Analgin - generic analgesic (pain reliever);
- Nivalin - a traditional plant-based product used for diseases of the peripheral nervous system;
- Methylprednisolone - a generic medicine for cases of severe allergies and certain life-threatening conditions.

II. Development of the activity

1. Review the main risks faced by the Company

Risks relating to the Company's business and the industry the Company operates in

- The Company faces significant competition;
- The Company is dependent on regulatory approvals;
- Government regulations affecting the Company's business may change, thus possibly increasing compliance costs or otherwise affecting its operations;
- Part of the Company's revenues, in particular in Bulgaria, depend on the inclusion of the Company's medicines on reimbursement lists;
- The Company's production facilities and processes are subject to strict requirements and regulatory approvals that may delay or disrupt the Company's operations;
- The Company's ability to pay dividends depends on a number of factors and there can be no assurance that the Company will be able to pay dividends in accordance with its dividend policy or at all in any given year;
- The Company is subject to operational risk, which is inherent to its business activities;
- The Company is subject to numerous environmental and health and safety laws and regulations and is exposed to potential environmental liabilities;
- Litigation or other out-of-court proceedings or actions may adversely affect the Company's business, financial condition and results of operations.

Risks relating to Bulgaria and other markets in which the Company operates

- The macroeconomic environment, particularly in Bulgaria, Russia and Ukraine, has a significant effect on the Group's operations and position;
- The political environment in Bulgaria has a significant effect on the Group's operations and financial condition;
- The political environment in the Group's export markets, especially in Russia and Ukraine, has a significant effect on the Group's operations and financial condition;
- Risks related to the Bulgarian legal system;
- Developing legal frameworks in some countries in which the Group sells its products, in particular Russia and Ukraine, may negatively impact the Group's operations in such countries;
- Risks relating to exchange rates and the Bulgarian Currency Board;
- The interpretations of tax regulations may be unclear and tax laws and regulations applicable to the Group may change.

Currency risk

The Company performs its activities with an active exchange with foreign suppliers and clients. Therefore, it is exposed to currency risk mainly in respect of USD. The Company supplies part of its raw and other materials in USD. The currency risk is related with the adverse floating of the exchange rate of USD against BGN in future business transactions as to the recognized assets and liabilities denominated in foreign currency and as to the net investments in foreign companies. The remaining part of Company operations are usually denominated in BGN and/or EUR. The Company sells some of its finished products in Russia in euro and thus eliminates the currency risk associated with the depreciation of the Russian ruble in the recent months. The accounts with subsidiaries in Ukraine are also denominated in euro. However, in connection with the instability in the country and the continued depreciation of the Ukrainian hryvnia, in order to minimize currency risk, the company conducts through its subsidiaries a currency policy, which includes the implementation of advance payments and shortening of the periods of delayed payments and immediate exchange of revenues in local currency in euros, as well as raising of the price mark-ups on products in order to compensate for possible future devaluation of the hryvnia.

To control foreign currency risk, the Company has introduced a system for planning import supplies, sales in foreign currency as well as procedures for daily monitoring of US dollar exchange rate movements and control on pending payments.

2. Revision of the activities of the company

Sopharma AD

Key financial indicators

Indicators	1-3/2019	1-3/2018*	Change
	BGN '000	BGN '000	%
Sales revenues	52 174	53 291	-2.1%
EBITDA	16 673	17 971	-7.2%
Operating profit	12 133	13 487	-10.0%
Net profit	12 894	12 414	3.9%
CAPEX**	2 906	3 568	-18.6%
	31.03.2019	31.12.2018	
	BGN '000	BGN '000	
Non-current assets	479 691	410 609	16.8%
Current assets	192 605	197 617	-2.5%
Owners' equity	502 166	489 219	2.6%
Non-current liabilities	27 298	25 606	6.6%
Current liabilities	142 832	93 401	52.9%
* recalculated data as a result of the merger of Unipharm AD, based on consolidation of the financial statements of Sopharma AD and Unipharm AD			
** tangible and intangible fixed assets acquired			
Ratios	1-3/2019	1-3/2018*	
EBITDA / Sales revenues	32,0%	33,7%	
Operating profit/ Sales revenues	23,3%	25,3%	
Net profit/ Sales revenues	24,7%	23,3%	
Borrowed capital/Owners' equity			
	31.03.2019	31.12.2018	
Net debt**/ EBITDA	0,34	0,24	
	3,0x	1,6x	

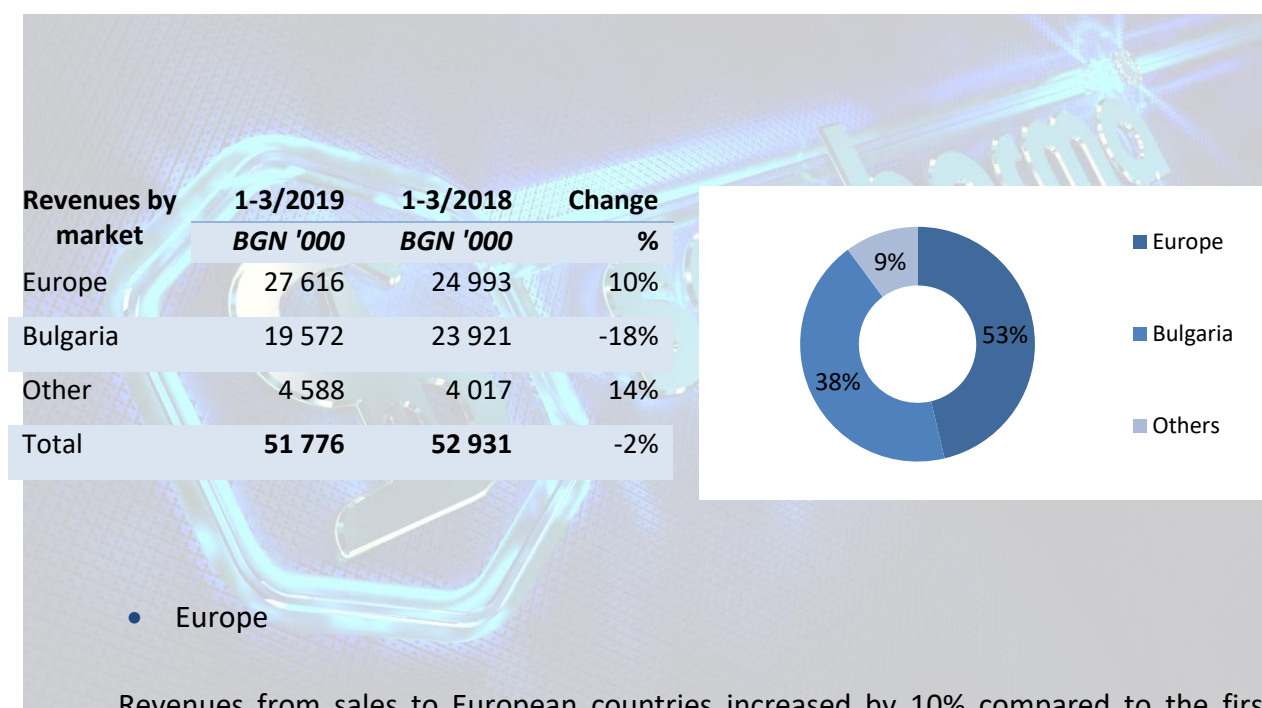
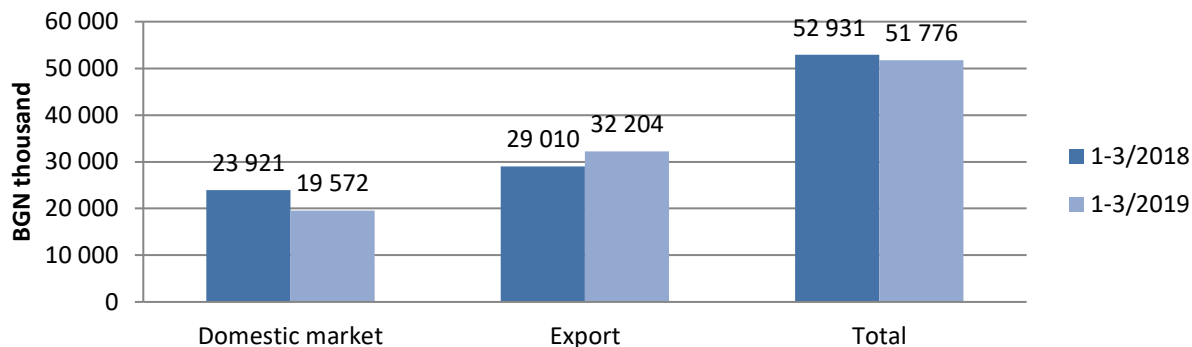
* recalculated data as a result of the merger of Unipharm AD, based on consolidation of the financial statements of Sopharma AD and Unipharm AD

** tangible and intangible fixed assets acquired

Revenues

Sales revenues of production for the first quarter of 2019 decrease by BGN 1,1 million or 2%, to BGN 52,9 compared to BGN 51,8 million in the first quarter of 2018.

Sales revenues



Revenues from sales to European countries increased by 10% compared to the first quarter of 2018 due to the increase of sales in Poland with 67%, Ukraine with 13% and Russia with 5%. Sales for the Baltic, Balkan countries, Belarus, The Czech republic, Moldova and others have increased.

- Bulgaria

The sales of Sopharma AD on the domestic market increase with 3% to BGN 19,6 million. The products with largest share of sales in the country are Analgin, Methylprednisolone, Vicetin, Vitamin C, Nivalin and medical supplies - gauzes, compresses and bandages. Sopharma AD has a 3% share of the total Bulgarian pharmaceutical market in value and 10% of sales in volume. The positions of the main competitors of the Company in the country are as follows: Novartis – 7%

(4% in units), Roche – 5% (0,3% in units), Actavis – 5% (10% in units), GlaxoSmithKline – 3,7% (3% in units), Abbvie – 3,9% (0% in units), Pfizer – 3,6% (1% in units), Sanofi-Aventis – 3% (2% in units), Astra Zeneca – 3% (1% in units), Merck – 3% (1% in units).

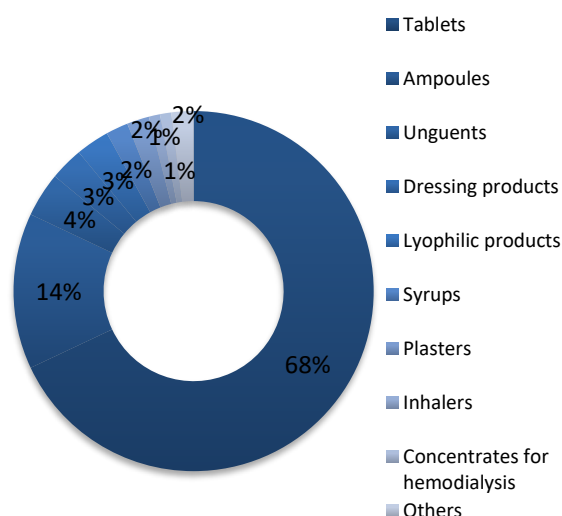
- Other markets

Revenues from other markets increase with 14% compared to the first quarter of 2018, mainly as a result of a 27% rise in the export for the Caucasus and Central Asia.

Sales by type of formulation

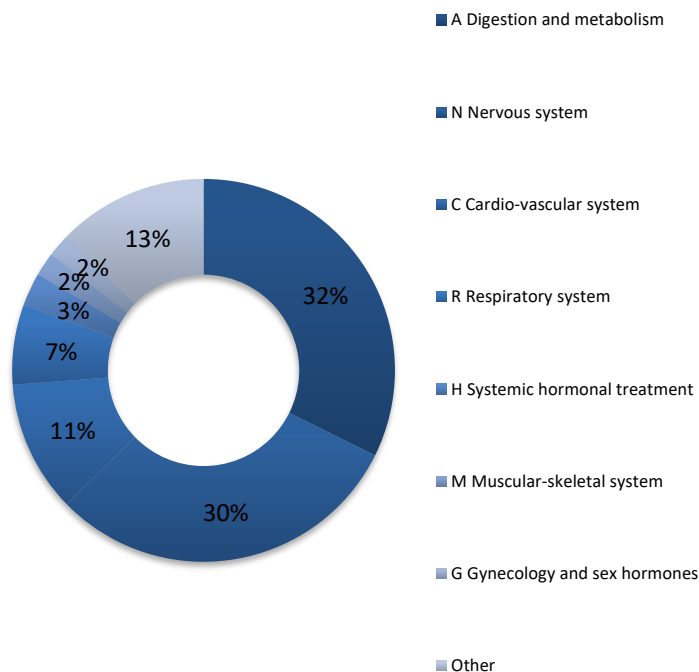
The types of formulation with the highest share in the volume of sales are tablet forms, followed by ampoules, lyophilic products, unguents, dressing products, lyophilic products, syrups, plasters and others.

Revenues by type of formulation	1-3/2019	1-3/2018	Change
	BGN '000	BGN '000	%
Tablets	35 337	35 134	1%
Ampoules	7 080	8 893	-20%
Unguent	2 232	1 852	21%
Dressing products	1 656	1 444	15%
Lyophilic products	1 401	1 994	-30%
Syrups	1 215	900	35%
Plasters	808	738	9%
Inhalers	619	346	79%
Concentrates for hemodialysis	443	462	-4%
Others	985	1 168	-16%
Total	51 776	52 931	-2%



Sales by therapeutic group

Revenues by therapeutic group	1-3/2019	1-3/2018	Change
	BGN '000	BGN '000	%
A Digestion and metabolism	16 740	14 800	13%
N Nervous system	15 714	15 564	1%
C Cardio-vascular system	5 753	6 709	-14%
R Respiratory system	3 504	2 536	38%
H Systemic hormonal treatment	1 444	1 964	-26%
M Muscular-skeletal system	1 037	853	22%
G Gynecology and sex hormones	993	1 071	-7%
Other	6 590	9 434	-30%
Total	51 776	52 931	-2%



Other operating revenues

Other operating revenues	1-3/2019	1-3/2018	Change	Rel. share 2019
	BGN '000	BGN '000	%	%
Income from services rendered	697	328	113%	76%
Income from financing under European programs	135	166	-19%	15%
Income from sale of goods	44	32	38%	5%
Income from sale of materials	20	9	122%	2%
Income from sale of LTA	7	21	-67%	1%
Net exchange loss on trade receivables and payables and current accounts	(38)	(99)	-62%	-4%
Other (see Notes to the FS)	55	21	162%	6%
Total other operating revenues	920	478	92%	100%

Other operating income increased by BGN 0, 4 million in the first quarter of 2019 compared to the first quarter of 2018 mainly in the part of revenue from service provision.

Operating expenses

Operating expenses	1-3/2019	1-3/2018	Change	Rel. share 2019
	BGN '000	BGN '000	%	%
Changes in the finished goods and work-in-progress inventory	(3 337)	(6 176)	46%	-8%
Materials	19 157	20 552	-7%	47%
External services	7 789	8 987	-13%	19%
Personnel	12 316	11 721	5%	30%
Amortization	4 540	4 484	1%	11%
Other operating expenses	496	714	-31%	1%
Total	40 961	40 282	2%	100%

Operating expenses increased by BGN 0,7 million from BGN 40,3 million in the first quarter of 2018 to BGN 41 million in the first quarter of 2019, mainly by an increase in the cost of personnel and expenses for depreciation and reduce in the part of costs for raw materials and external services.

Costs of materials (47% share) decreased by BGN 1,4 million or 7% from BGN 20,6 million in the first quarter of 2018 to BGN 19,2 million in in the first quarter of 2019 and the biggest impact has the decrease in main materials with BGN 1,6 million and in particular the substances with BGN 2,3 million.

Expenditure on external services accounted for 19% relative share of operating expenses and decreased by BGN 1, 2 million or 13% to BGN 7,8 million in the first quarter of 2019 compared to BGN 9 million in the first quarter of 2018. The most significant impact is the decrease in the cost of maintenance of buildings and equipment, rents, logistics services and subscription fees.

Personnel costs (with a relative share of 30% of operating costs) increased by BGN 0,6 million or by 5% from BGN 11,7 million in the first quarter of 2018 to BGN 12,3 million in 2 in the first quarter of 2019, due to an increase in current remuneration and other accruals.

Other operating costs (with a relative share of 1% of operating costs) decreased with BGN 0,2 million in the first quarter of 2019 compared to the first quarter of 2018 mainly in the part of impairment of financial assets.

Depreciation costs (with a relative share of 11% of operating expenses) registered an increase of BGN 0,05 million or by 1% from BGN 4,5 million in the first quarter of 2018 to BGN 4,55 million in the first quarter of 2019.

Changes in inventories of finished goods and work in progress have an impact on the increase in operating expenses by BGN 2,8 million.

Financial income and expenses

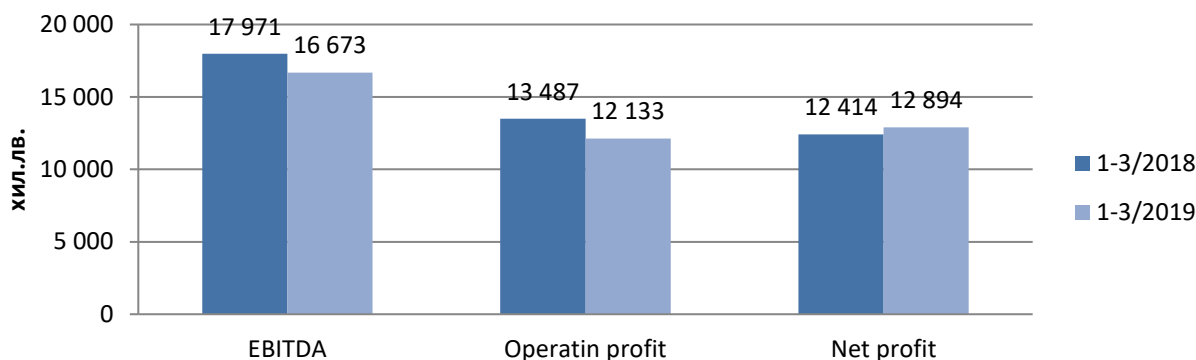
Financial income	1- 3/2019	1- 3/2018	Change	Rel. share 2019
	BGN '000	BGN '000	%	%
Revenue from shareholding	1 293	-	-	53%
Income from interest on loans granted	549	393	40%	22%
Recovered impairment on receivables on commercial loans granted	327	-	-	13%
Net gain on securities and equity investments	228	-	-	9%
<i>Revenue from liquidation of subsidiaries</i>	<i>186</i>	<i>-</i>	<i>-</i>	
Net gain on exchange differences on the disposal of a subsidiary	65	-	-	3%
Total	2 462	393	526%	100%
Financial expenses			Change	Rel. share 2019
Interest expense on loans received	254	244	4%	66%
Bank fees and charges on loans and guarantees	40	36	11%	10%
Interest expense on operating leasing	15	-	-	0%
Effects from derivatives	-	2	-100%	1%
Net loss on exchange differences on the disposal of a subsidiary	-	87	-100%	24%
Total	309	369	-16%	100%

Financial revenues increase by BGN 12,1 million to BGN 2,5 million in the first quarter of 2019 compared to BGN 0,4 million in the first quarter of 2018, mainly in the part of equity income and interest earnings on loans granted.

Financial expenses decrease by BGN 0,06 million or by 16% to BGN 0,31 million in the first quarter of 2019, due to the drop of net loss on exchange differences on a receivable from disposal of a subsidiary.

Net financial revenues (costs) increase by BGN 1,1 million compared to the first quarter of 2018.

Financial result of the activity



Profit before interest, taxes and depreciation (EBITDA) decreased in the first quarter of 2019 by BGN 1.3 million or by 7.2% to BGN 16.7 million compared to BGN 18 million in the first quarter of 2018

Operating profit decreased by BGN 1.4 million or 10% to BGN 12.1 million in the first quarter of 2019 compared to BGN 13.5 million in the first quarter of 2018.

Net profit increased by BGN 0.5 million or by 3.9%, to BGN 12.9 million in the first quarter of 2019 compared to BGN 12.4 million in the first quarter of 2018 .

Assets

Non-current assets	31.03.2019	31.12.2018	Change	Rel. share 2019
	BGN '000	BGN '000	%	%
Property, plant and equipment	231 084	226 956	2%	48%
Intangible assets	11 592	11 881	-2%	2%
Investment property	37 564	37 451	0%	8%
Investments in subsidiaries	89 294	89 945	-1%	19%
Investments in associated companies	8 049	7 962	1%	2%
Other long - term equity investments	9 015	7 599	19%	2%
Long-term receivables from related parties	86 186	23 055	274%	18%
Other long-term receivables	6 907	5 760	20%	1%
	479 691	410 609	16.8%	71%
Current assets				
Inventories	70 394	68 499	3%	37%
Receivables from related parties	97 990	91 509	7%	51%
Commercial receivables	15 422	19 431	-21%	8%
Loans granted to third parties	1 225	3 270	-63%	1%
Other receivables and prepaid expenses	5 866	5 937	-1%	3%
Cash and cash equivalents	1 708	8 971	-81%	1%
	192 605	197 617	-3%	29%
TOTAL ASSETS	672 296	608 226	11%	100%

Total assets increased by BGN 64,1 million or by 11% to BGN 672,3 million in the end of the current period, compared to BGN 608,2 million as at 31 December 2018.

Non-current assets increased by BGN 69,1 million, or by 17%, mainly due to an increase in long-term receivables from related parties by BGN 63,1 million, other long-term receivables by BGN 1,1 million, other long-term capital investments by BGN 1,4 million and investment properties by BGN 0,1 million. Assets in property, plant and equipment increased by BGN 4,1 million in the part of land and buildings - by BGN 2,5 million and other with BGN 2,2 million. Intangible assets decreased by BGN 0,3 million mainly in the software sector and intellectual property rights.

Current assets decreased by BGN 5 million or by 3% to BGN 192,6 million as at 31 March 2019 compared to 197,6 million as at 31 December 2018. Inventories increased by BGN 1,9 million or 3% compared to 31 December 2018. Receivables from related parties increased by BGN 6,5 million in the part of receivables from contracts with customers and in the part of dividend receivables. Trade receivables decreased by BGN 4 million. Commercial loans to third parties increased by BGN 0,2 million. Other receivables and prepaid expenses decreased by BGN 2 million. Cash and cash equivalents decreased by BGN 7,3 million.

Liabilities and owners' equity

OWNERS' EQUITY	31.03.2019	31.12.2018	Change	Rel.share 2018
	BGN '000	BGN '000	%	%
Share capital	134 798	134 798	0%	27%
Treasury shares	(33 339)	(33 337)	0%	-7%
Reserves	357 190	357 310	0%	71%
Retained earnings	43 517	30 448	43%	9%
TOTAL OWNERS' EQUITY	502 166	489 219	3%	100%
	31.03.2019	31.12.2018	Change	Rel.share 2018
LIABILITIES	BGN '000	BGN '000	%	%
Non-current liabilities				
Long-term bank loans	7 758	9 556	-19%	5%
Liabilities on deferred taxes	6 156	6 235	-1%	4%
Government grants	5 262	5 397	-3%	3%
Operating leasing liabilities	3 634	-	-	2%
Long-term liabilities to personnel	4 488	4 418	2%	3%
	27 298	25 606	7%	16%
Current liabilities				
Short-term bank loans	113 486	65 652	73%	67%
Short-term part of long-term bank loans	7 163	7 168	0%	4%
Commercial liabilities	6 622	8 922	-26%	4%
Liabilities to related parties	1 441	633	128%	1%
Liabilities for taxes	2 832	1 884	50%	2%
Liabilities to the personnel and for social insurance	7 764	7 119	9%	5%
Other current liabilities	3 524	2 023	74%	2%
	142 832	93 401	53%	84%
TOTAL LIABILITIES	170 130	119 007	43%	100%
TOTAL OWNERS' EQUITY AND LIABILITIES	672 296	608 226	11%	

Owners' equity increased by BGN 12,9 million or by 3% to BGN 502,2 million as at 31 March 2019 compared to BGN 489,2 million as at 31 December 2018, mainly as a result of the increase in retained earnings with BGN 13,1 million.

Non-current liabilities increased by BGN 1,7 million or 7% to BGN 27,3 million at the end of the first quarter of 2019 compared to BGN 25,6 million as at 31 December 2018 mainly due to an increase of operating leasing liabilities by BGN 3,6 million. The decrease of long-term bank loans by BGN 1,8 million.

Current liabilities increased by BGN 49,4 million to BGN 142,8 million at the end of the first quarter of 2019 compared to BGN 93,4 million as at 31 December 2018. Short-term bank

loans increased by BGN 47,8 million, other current liabilities by BGN 1,5 million, liabilities for taxes by BGN 0,9 million, liabilities to personnel and for social security by BGN 0,5 million and liabilities to related parties by BGN 0,8 million. Total bank loans exposure to the Company as at 31 March 2019 increased with BGN 46 million compared to 31 December 2018.

Cash flow

	1-3/2019	1-3/2018
	BGN '000	BGN '000
Net cash flow from/ (used in) operations	8 591	8 375
Net cash flow used in investment activities	(61 404)	(3 611)
Net cash flow (used in)/from financial operations	45 550	(6 250))
Net increase/(decrease) of cash and cash equivalents	(7 263)	(1 486)
Cash and cash equivalents on 1 January	8 971	5 764
Cash and cash equivalents on 31 March	1 708	4 278

Net cash flows in the first quarter of 2019 generated by operating activities amounted to BGN 8,6 million inflow, from investment activity amounted to BGN 61,4 million outflow and from financial activity were to the amount of BGN 45,6 million outflow. As a result of these activities, cash and cash equivalents decreased net by BGN 7,3 million and by 31 March 2019 amounted to BGN 1,7 million compared to BGN 9 million as at 1 January 2019.

Ratios

	31.03.2019	31.12.2018	Change
ROE ¹	6,9%	6,9%	-
ROA ²	5,4%	5,5%	-0,1%
Asset turnover ³	0,34	0,35	-0.1
Current liquidity ⁴	1,35	2,12	-0,77
Quick liquidity ⁵	0,86	1,38	-0,52
Monetary liquidity ⁶	0,01	0,10	-0,09
Financial autonomy ⁷	2,95	4,11	-1,16

1 Net profit per annum / average equity for the last five quarters

2 Net profit on an annual basis / average value of total assets for the last five quarters

3 Revenues from sales on an annual basis / arithmetic mean of total assets for the last five quarters

4 Current assets / current liabilities
5 Receivables + Cash / Current liabilities
6 Cash / Current liabilities
7 Equity / Liabilities

3. New developments and products

- New Products for the period January - March 2019

Authorization to use the medicinal product Norepinephrine 1 mg/ml concentrate for solution/infusion (Bulgaria, Latvia, Lithuania and Estonia).

- Implemented new products in the production cycle

Norepinephrine 1 mg/ml concentrate for solution/infusion

By the end of 2019, it is expected that 3 to 5 new products will be introduced.

- New registrations and re-registrations / changes

New registrations

- Received 8 Authorizations for the use of medicinal products for new destinations, namely:
 - Desloratadine Sopharma 0.5 mg / ml oral solution (Serbia);
 - Carsil Max 110 mg hard capsules (Russia);
 - Pyraminol 200 mg / ml solution for injection (Armenia);
 - Broncholytin Ivy 7 mg / ml syrup (Armenia);
 - Deavit Neo 0.5 mg / ml oral drops, solution (Armenia);
 - Desloratadine Sopharma 5 mg film-coated tablets (Ukraine);
 - Ivadron 3 mg / 3 ml solution for injection (Albania);
 - Sophtensif 1.5 mg prolonged-release tablets (Albania).

- Registration documents were submitted for the registration of 8 medicinal products to agencies of new destinations.

Cosmetic products

- 6 cosmetic products were notified in Georgia (two), Moldova (two) and Poland (two).

Food additives

- During the reporting period there were no notified / registered dietary supplements.

Medical supplies

- 14 medical devices are registered in Bulgaria.

Re-registrations / changes

- Agency submissions for re-registrations / changes to 16 medicinal products.
- Submission of documents for the renewal of the Marketing Authorizations for 24 medicinal products to agencies.
- Agreements approved by the agencies 387 for medicinal products.
- Submissions to agencies 383 changes for medicinal products.

Developments

- There is a pharmaceutical development of 20 new medicinal products.
- Translated and validated / optimized are 14 production processes and technologies.

4. Significant events in the first quarter of 2019 and until the publication of the interim management report

- As at 30.01.2019 the share participation of CUPF Allianz Bulgaria in the capital of Sopharma AD reached 5.09%.
- On 31.01.2019 the Company received a valid production / import license for medicinal products № BG / MIA - 0081 from the Bulgarian Drug Agency, in which the unincorporated subsidiary Unipharm AD was registered.
- On 15.02.2019, a deal was made for the disposal by Sopharma AD of 253,000 shares of the capital of Momina Krepost AD, with which the share of Sopharma AD in the capital of Momina Krepost AD falls from 93.56% to 78.60%.
- As at 29.03.2019 after the sale of 126,626 shares of the capital of Momina Krepost AD, the share of Sopharma AD in the capital of Momina Krepost AD went below 75% - from 78.60% (1 329 212 shares) to 71.11% (1 202 590 shares).

5. Related party information

Related party information is disclosed in the notes to the interim financial statements.

III. Information about the shares of Sopharma AD

The total number of shares issued by Sopharma, issued on 31.03.2019, is 134 797 899 with a nominal value of BGN 1 per share. All issued shares are registered, dematerialized, ordinary and indivisible, in accordance with the Articles of Association of the Company. All issued shares are of one class. Each share entitles one vote to the General Meeting of Shareholders, a right to dividend and a liquidation share proportional to the nominal value of the share.

The shares of the Company are traded on the Bulgarian Stock Exchange - Sofia AD, the Main Market (BSE), the PREMIUM Shares Market and on the official market of the Warsaw Stock Exchange. The shares participate in the formation of the SOFIX, BGBX40 and BGTR30 indices of BSE - Sofia AD. The company's shares are included in the Dow Jones STOXX EU Enlarged Total Market Index with a weight of 0.11%, with a weight of 5% in Erste Bank Bulgaria Basket, in Raiffeisen Bank's Raiffeisen Osteuropa Fonds certificate and in the Dow blue-chip index Jones STOXX Balkan 50 Equal Weighted Index. Sopharma AD is one of the three Bulgarian companies included in the Central and Eastern European (CEE) index. The index is called WIG-CEE and is the third after WIG-Poland and WIG-Ukraine, which is based on the country's country of origin. WIG-CEE is calculated on a common yield basis and includes dividend yield and share subscription rights.

Key indicators of the shares of Sopharma AD

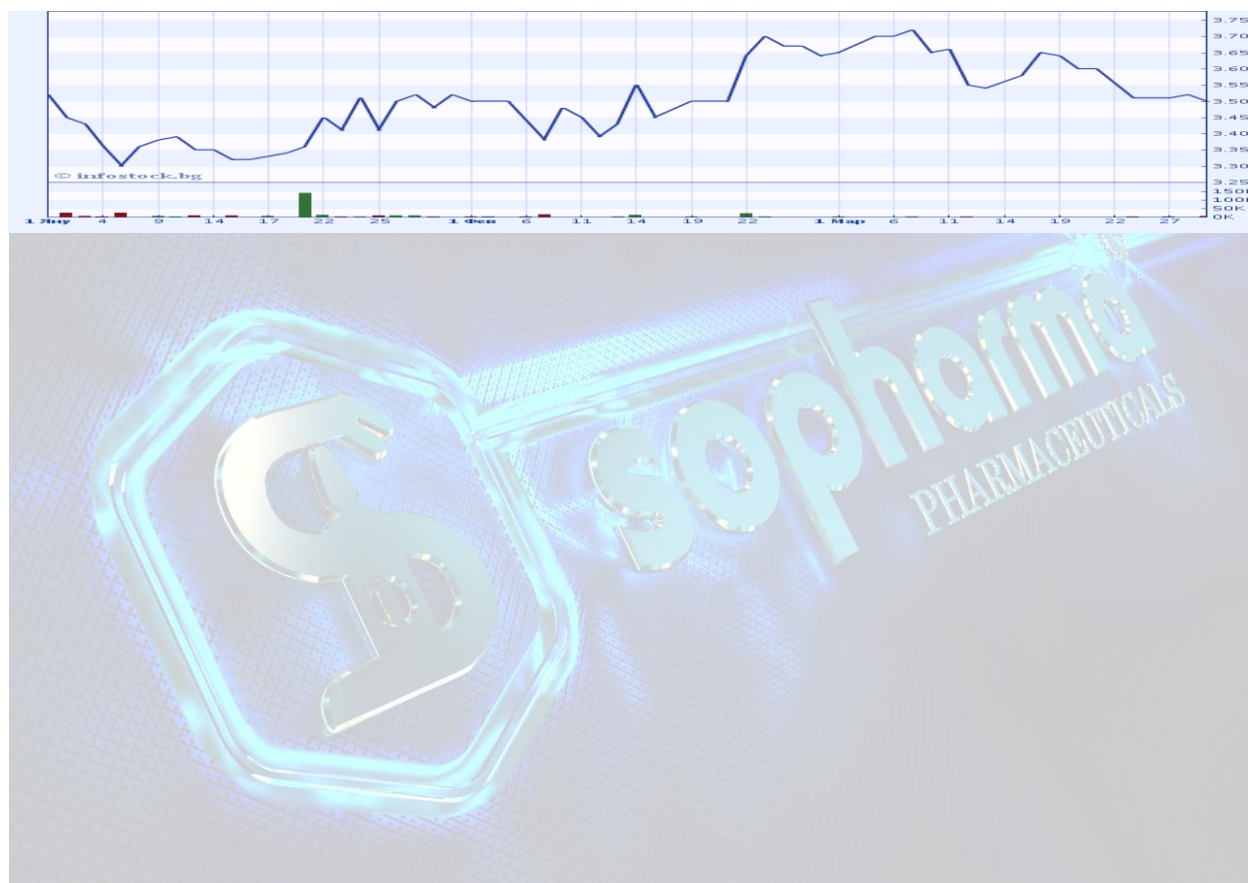
	31.03.2019	31.12.2018
Total number of issued shares	134 797 899	134 797 899
Average-weighted number of outstanding shares for the last four quarters	125 836 449	125 798 842
Number of shares outstanding at the end of the period	125 916 249	125 916 563
Net earnings per share in BGN ¹	0,268	0,265
Price per share at the end of the period in BGN	3,451	3,517
Price/Earnings ratio (P/E)	12,88	13,27
Book value per share in BGN ²	3,988	3,885
Price/Book value ratio (P/B)	0,87	0,91
Sales per share in BGN ³	1, 678	1,687
Price per share / Sales per share(P/S)	2,06	2,08
Market capitalization in BGN	465 187	474 084



1 Net profit for the last four quarters / weighted average number of shares in the same period

2 Equity / number of shares outstanding at the end of the period

3 Sales revenue for the last four quarters / number of shares outstanding at the end of the period

Trade with shares of Sopharma AD on Bulgarian Stock Exchange – Sofia AD for the period 1 January 2019 – 31 March 2019



Ognian Donev, PhD
/Executive Director/