

SOPHARMA GROUP

Board of Directors:	Ognian Donev, PhD Vessela Stoeva Alexander Tchaushev Ognian Palaveev Ivan Badinski
Executive Director:	Ognian Donev, PhD
Finance Director:	Boris Borisov
Preparer:	Lyudmila Bondzhova
Address of Management:	Sofia 16, Iliensko Shousse Str.
Lawyers:	Law Firm "Gachev, Baleva, Partners" Ventsislav Stoev Stefan Yovkov
Servicing Banks:	Raiffeisenbank (Bulgaria) EAD DSK Bank EAD Eurobank Bulgaria AD ING Bank N.V. Unicredit Bulbank AD Societe Generale Expressbank AD
Auditor:	Baker Tilly Klitou and Partners OOD

SOPHARMA GROUP
PRELIMINARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended on 31 December 2019

	Notes	2019	2018
		BGN'000	BGN'000
Revenue from contracts with customers	3	1 281 421	1 179 143
Other operating income / (loss), net	4	12 618	11 837
Change of available stock of finished goods and work in progress		(3 503)	8 773
Materials	5	(93 067)	(91 303)
External services	6	(74 923)	(75 897)
Emoloyees	7	(126 908)	(119 441)
Amortization	15,16	(43 962)	(33 135)
Carrying amount of goods sold		(878 912)	(825 571)
Other operating expenses	8	(10 839)	(15 263)
Operating profit		61 925	39 143
Impairment of non-current assets excluded from IFRS 9	10	(18 656)	(186)
Financial income	11	10 536	4 034
Financial expenses	12	(12 546)	(9 728)
Financial income/(expenses) net		(2 010)	(5 694)
Profit from associates and joint ventures, net	13	47 687	2 076
Profit from acquisition and disposal of subsidiaries		4 448	-
Profit before tax		93 394	35 339
Income tax expense		(3 778)	(4 702)
Net profit		89 616	30 637
Other components of comprehensive income:			
<i>Components not to be reclassified to profit or loss:</i>			
Subsequent estimates of defined benefit liabilities under retirement benefit plans		35	(79)
Net change in the fair value of other long-term equity investments	14	(34)	(792)
		1	(871)
<i>Components that may be reclassified to profit or loss:</i>			
Foreign exchange differences from translation of foreign activities		4 206	527
		4 206	527
Other comprehensive income for the year, net of tax	14	4 207	(344)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		93 823	30 293
Net profit for the year attributable to:			
Equity holders of the parent		91 383	28 343
Non-controlling interests		(1 767)	2 294
Total comprehensive income for the year attributable to:			
Equity holders of the parent		94 658	28 636
Non-controlling interests		(835)	1 657

The notes on pages 5 to 138 are an integral part of the present consolidated financial statement.

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Lyudmila Bondzhova

SOPHARMA GROUP
PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION
for the year ended on 31 December 2019

	Notes	31 December 2019 BGN'000	31 December 2018 BGN'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	381 139	324 525
Intangible assets	16	43 112	62 195
Goodwill	16	15 909	23 516
Investment properties	17	10 999	10 427
Investments in associated and joint companies	18	66 012	20 383
Other long - term equity investments	19	10 102	8 598
Long-term receivables from related parties	20	91 767	23 055
Other long-term receivables	21	10 281	6 399
Deferred tax assets		2 240	1 590
		631 561	480 688
Current assets			
Inventories	22	228 950	235 763
Trade receivables	23	255 780	235 911
Receivables from related parties	24	7 090	9 942
Other short-term receivables and assets	25	26 737	22 717
Cash and cash equivalents	26	27 540	25 582
		546 097	529 915
TOTAL ASSETS		1 177 658	1 010 603
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		134 798	134 798
Reserves		60 855	55 661
Retained earnings		365 222	285 101
	27	560 875	475 560
Non-controlling interests		20 191	32 969
TOTAL EQUITY	27	581 066	508 529
LIABILITIES			
Non-current liabilities			
Long-term bank loans	28	56 847	41 124
Deferred tax liabilities		8 145	11 781
Long-term liabilities to related parties	29	2 129	-
Long-term payables to personnel	30	6 558	6 015
Finance lease liabilities	31	28 115	2 486
Government grants	32	10 696	7 470
Other non-current liabilities		1 740	299
		114 230	69 175
Current liabilities			
Short-term bank loans	33	274 836	242 859
Short-term part of long-term bank loans	28	16 731	14 874
Trade payables	34	115 209	124 476
Payables to related parties	35	7 392	467
Factoring agreement liabilities	36	24 772	21 791
Short-term part of leasing obligations	31	10 307	-
Payables to personnel and social security	37	15 396	14 176
Tax payables	38	6 749	6 675
Other current liabilities	39	10 970	7 581
		482 362	432 899
TOTAL LIABILITIES		596 592	502 074
TOTAL EQUITY AND LIABILITIES		1 177 658	1 010 603

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SOPHARMA GROUP
PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended on 31 December 2019

	Notes	2019	2018
		<i>BGN'000</i>	<i>BGN'000</i>
Cash flows from operating activities			
Revenue from contracts with customers		1 206 043	1 201 720
Payments to suppliers		(1 133 621)	(1 142 091)
Payments for wages and social security		(120 199)	(110 689)
Taxes paid (profit tax excluded)		(69 454)	(64 569)
Taxes refunded (profit tax excluded)		7 314	8 401
Profit tax paid		(8 673)	(8 227)
Profit tax refunded		135	47
Paid interest and bank fees on working capital loans		(8 152)	(6 219)
Exchange rate differences, net		61	(860)
Other proceeds/(payments), net		(1 177)	(1 297)
Net cash flows used in operating activities		(127 723)	(123 784)
Cash flows from investing activities			
Purchase of property, plant and equipment		(36 689)	(24 364)
Proceeds from sale of property, plant and equipment		915	630
Purchases of investment properties		(332)	-
Purchases of intangible assets		(4 025)	(3 478)
Proceeds from the sale of intangible assets		143	-
Purchases of equity investments		(2 170)	(2 330)
Proceeds from sale of equity investments		647	907
Proceeds from dividends on equity investments		190	97
Payments for the acquisition of subsidiaries, net of received cash		(205)	(1 287)
Amounts exempted from subsidiaries, net of cash provided		7 533	-
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)
Repaid loans, granted to related parties		24 379	22 677
Loans granted to third parties		(8 636)	(7 460)
Repaid loans, granted to third parties		2 431	5 134
Received interest on granted loans and deposits		2 662	1 005
Other proceeds/(payments), net		-	(54)
Net cash flows used in investing activities		(104 890)	(41 178)
Cash flows from financial activities			
Proceeds from short-term bank loans (including overdrafts)		39 387	50 838
Settlement of short-term bank loans (including overdraft reduction)		(7 162)	(1 959)
Proceeds from long-term bank loans		35 289	6 197
Settlement of long-term bank loans		(18 017)	(14 977)
Loans received from related parties		6 000	-
Settlement of loans to related parties		(6 000)	-
Loans received from other parties		2 431	84
Settlement of loans to other parties		(2 556)	(248)
Proceeds from factoring		200 845	153 574
Interest and taxes for factoring paid		(449)	(313)
Paid interest and bank fees on investment purpose loans		(1 412)	(1 257)
Finance lease payments		(13 194)	(2 205)
Proceeds from non-controlling interest in the issue of capital in subsidiaries		655	206
Treasury shares		(805)	(861)
Proceeds from the sale of treasury shares		-	11
Dividends paid		(3 495)	(22 613)
Government grants		4 355	-
Net cash flows from financial activities		235 872	166 477
Net increase/decrease in cash and cash equivalents		3 259	1 515
Cash and cash equivalents at 1 January		24 129	22 614
Cash and cash equivalents at 31 December	26	27 388	24 129

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Notes	Referring to the owners of the equity of the parent company							Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Statutory reserves	Revaluation reserve - property, plant and equipment	Reserve of financial assets at fair value through other comprehensive income	Reserve from recalculation in the currency of presentation of foreign operations	Retained earnings			
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000			
Balance at 1 January 2018	134 798	(33 834)	51 666	31 945	4 109	(310)	281 509	469 883	33 227	503 110
Effects of initial application of IFRS 9, net of tax							(2 253)	(2 253)	(695)	(2 948)
Balance at 1 January 2018 (recalculated)	134 798	(33 834)	51 666	31 945	4 109	(310)	279 256	467 630	32 532	500 162
Changes in equity in 2018										
Effect of treasury shares	-	(850)	-	-	-	-	(1)	(851)	-	(851)
Effects of restructuring	-	265	-	775	-	-	(734)	306	(306)	-
Share-based payment	-	1 082	-	-	-	-	142	1 224	-	1 224
Distribution of profit for:	-	-	4 301	-	-	-	(24 407)	(20 106)	-	(20 106)
* Statutory reserves	-	-	4 301	-	-	-	(4 301)	-	-	-
* distribution of dividends on profit for 2017	-	-	-	-	-	-	(13 822)	(13 822)	-	(13 822)
* distribution of six-month dividends on profit for 2018	-	-	-	-	-	-	(6 284)	(6 284)	-	(6 284)
Effects assumed by non-controlling interests on:	-	-	-	-	-	-	(1 279)	(1 279)	(914)	(2 193)
* acquisition/(disposal) of subsidiaries and joint ventures	-	-	-	-	-	-	-	-	738	738
* distribution of dividends	-	-	-	-	-	-	-	-	(2 716)	(2 716)
* capital issue in subsidiaries	-	-	-	-	-	-	(1)	(1)	1 303	1 302
* increase in the interest in subsidiaries	-	-	-	-	-	-	(1 803)	(1 803)	(385)	(2 188)
* decrease in the interest in subsidiaries	-	-	-	-	-	-	525	525	146	671
Total comprehensive income for the year, incl.:	-	-	-	-	(792)	1 144	28 284	28 636	1 657	30 293
* net profit for the year	-	-	-	-	-	-	28 343	28 343	2 294	30 637
* other components of comprehensive income, net of taxes	-	-	-	-	(792)	1 144	(59)	293	(637)	(344)
Transfer to retained earnings	-	-	-	(3 456)	(384)	-	3 840	-	-	-
Balance at 31 December 2018	134 798	(33 337)	55 967	29 264	2 933	834	285 101	475 560	32 969	508 529
Balance at 1 January 2019	134 798	(33 337)	55 967	29 264	2 933	834	285 101	475 560	32 969	508 529
Changes in equity in 2019										
Effect of treasury shares	-	(805)	-	-	-	-	-	(805)	-	(805)
Distribution of profit for:	-	-	3 330	-	-	-	(9 614)	(6 284)	-	(6 284)
* statutory reserves	-	-	3 330	-	-	-	(3 330)	-	-	-
* distribution of six-month dividends on profit for 2019	-	-	-	-	-	-	(6 284)	(6 284)	-	(6 284)
Effects assumed by non-controlling interests on:	-	-	-	-	-	-	(2 254)	(2 254)	(11 943)	(14 197)
* acquisition of subsidiaries and joint ventures	-	-	-	-	-	-	-	-	(1 849)	(1 849)
* distribution of dividends	-	-	-	-	-	-	-	-	(3 977)	(3 977)
* capital issue in subsidiaries	-	-	-	-	-	-	(386)	(386)	4 008	3 622
* increase in the interest in subsidiaries	-	-	-	-	-	-	(1 943)	(1 943)	(11 563)	(13 506)
* decrease in the interest in subsidiaries	-	-	-	-	-	-	75	75	1 438	1 513
Total comprehensive income for the period, incl.:	-	-	-	-	(34)	3 274	91 418	94 658	(835)	93 823
* net profit for the year	-	-	-	-	-	-	91 383	91 383	(1 767)	89 616
* other components of comprehensive income, net of taxes	-	-	-	-	(34)	3 274	35	3 275	932	4 207
Transfer to retained earnings	-	-	-	(569)	(2)	-	571	-	-	-
Balance at 31 December 2019	134 798	(34 142)	59 297	28 695	2 897	4 108	365 222	560 875	20 191	581 066

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