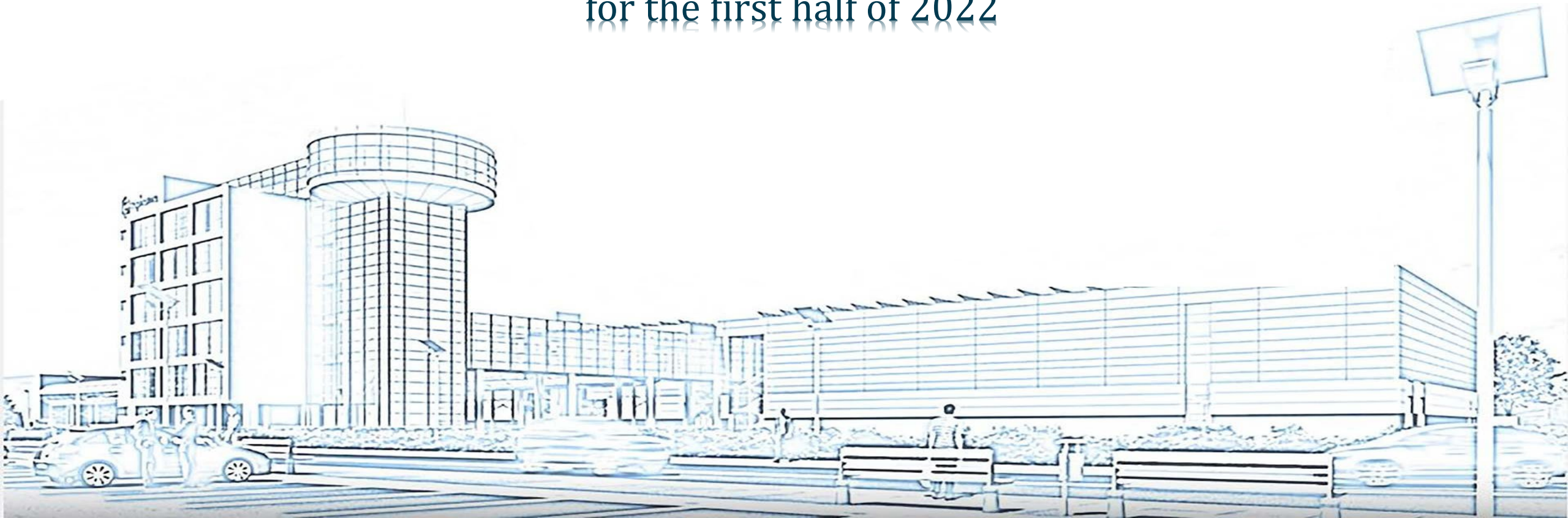


# Sopharma Group

Consolidated financial results  
for the first half of 2022





Consolidated financial results for the first half of 2022

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Who are we?

## "Sopharma" AD



"Sopharma" AD is a leading, **vertically-integrated** Bulgarian **manufacturer**, exporter and **distributor** of pharmaceutical and other health related products with a strong presence in **Southern and Eastern Europe**, offering a wide range of prescription and OTC pharmaceutical products and other health related products and services.

The Company works in the following areas:

- Production of active pharmaceutical ingredients;
- Pharmaceutical production;
- Wholesale and distribution;
- Non-pharmaceutical activities.



# Who are we?



## API Production

- **Farmer, Bulgaria** – Farming of medicinal plants
- **„Sopharma“ AD, Kazanlak, Bulgaria** – Extraction of active ingredients



## „Sopharma“ AD



## Pharmaceutical production

- **„Sopharma“ AD, Bulgaria** - Self developed products from herbal origin, Generic products
- **„Biopharm Engineering“ AD Bulgaria and PAO „Vitamini“ Ukraine** – Generic products



## Wholesale and distribution

- **„Sopharma Trading“ AD, Bulgaria and Serbia and subsidiaries in Ukraine, Kazakhstan, Poland and etc.**  
Wholesaling, retail



## Non-pharma activities

- **„Biopharm Engineering“ Bulgaria** – Veterinary products and sterile production
- **„Momina Krepost“ AD (Joint venture)** – Plastic disposable materials





# Important moments from the 85-year history



2000 - Modern history – period of constant modernization and development.

Privatization – "Sopharma" AD becoming a privately held pharmaceutical company.

1933



Local pharmaceutical community starts construction of the first laboratory for production of medicinal products.

1953  
Nationalization of  
"Sopharma" AD.

Start of production:

- 1956 – Nivalin
- 1964 – Tabex
- 1981 – Tribestan

1999 - Registration of  
"Sopharma" AD on the BSE.

2002

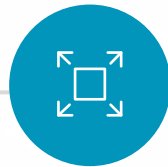


Five small producers have been acquired:

- "Unipharm" AD
- "Vrmed" AD
- "Pharmachim Holding" AD
- "NIHFI" AD
- "Rostbalkanpharm"

2005  
Opening of the most modern logistics terminal for distribution of pharmaceutical products (European GDP certified).

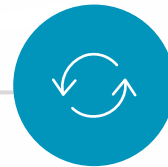
2009



Entering the field of distribution, uniting the five largest distributors in Bulgaria in "Sopharma Trading" AD.

2011  
Listing on  
Warsaw Stock  
Exchange

2013



- Construction of new production facilities in Sofia and Belgrade.
- First successful registration of a Sopharma product on a traditional European market (Nivalin in Austria).
- Acquisition of a controlling stake in Unipharm AD.

2017  
Transformation through  
merger of "Medica" AD  
into "Sopharma" AD.

2018



- "Sopharma" AD celebrates its 85th anniversary.
- Merger of „Unipharm“ AD into „Sopharma“ AD.

2020

- "Sopharma Trading" AD acquires sole control over the companies "SCS Franchise" AD and "Sanita Franchising" AD.
- "Sopharma" AD sold the shares owned by it from the capital of "Aromania" AD.

2021



"Sopharma" AD issues warrants in the amount of over BGN 12 million.



Consolidated financial results for the first half of 2022

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## Our business

Sopharma Group



**№1 manufacturer of  
ampules and suppositories**



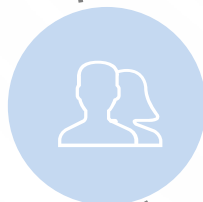
**Revenues BGN 802  
909 thousand**

**More than 200  
product**



**EBITDA  
BGN 69 474  
thousand**

**4 740  
employees**



**134 797 899  
shares**

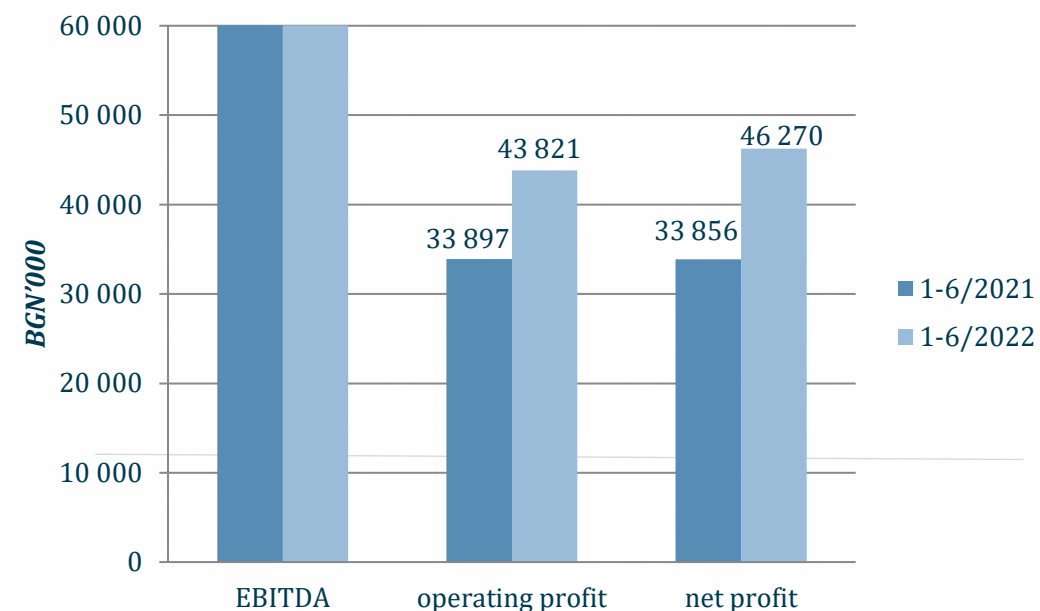


**Company with established  
traditions and experience**

# Main financial indicators



Indicators	1-6/2022 <i>BGN '000</i>	1-6/2021 <i>BGN '000</i>
Sales revenue	802 909	759 044
EBITDA	69 474	60 826
Operating profit	43 821	33 897
Net profit	46 270	33 856
CAPEX	19 983	21 836
	<b>30.06.2022</b> <i>BGN '000</i>	<b>31.12.2021</b> <i>BGN '000</i>
Non-current assets	636 605	633 746
Current assets	579 284	571 232
Owners' equity	699 839	658 868
Non-current liabilities	121 001	122 218
Current liabilities	395 049	423 892
	<b>1-6/2022</b>	<b>1-6/2021</b>
EBITDA/Sales revenues	8.7%	8.0%
Operating profit/Sales revenues	5.5%	4,5%
Net profit/Sales revenue	5.8%	4.5%
	<b>30.06.2022</b>	<b>31.12..2021</b>
	<b>1</b>	
Borrowed capital/Owners' equity	0,74	0,83
Net debt/EBITDA on a annual basis	2,1x	2,5x





# “Sopharma” AD as a partner:

## Large variety of services:

- EU-GMP compliant pharmaceutical contract manufacturing;
  - EU primary and secondary packaging services for international markets;
  - Development of various dosage forms;
  - Technological transfer of customer-developed products.
- 



## Development of pharmaceuticals:

- Solid dosage forms (film coated tablets, hard gelatin capsules);
  - Semi-solid dosage forms (creams, gels, suppositories);
  - Sterile dosage forms and non-sterile solutions.
-



Consolidated financial results for the first half of 2022

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## Management, shares and dividends

# Board of Directors



**Ognian Donev, PhD**  
Chairman of the BoD  
and Executive Director

He studied in Hamburg, Vienna, and graduated in "International Economic Relations" in Sofia University of Economics. Mr. Donev obtained a Doctor's degree in Economics in 1986 in Berlin. Ognian Donev is a Executive director of "Sopharma" AD since 2000.



**Vessela Stoeva**  
Deputy-chairman of the BoD

Completes her higher education in the Economic University in Sofia with "Finance and credit". She is at "Sopharma" AD since 2000 as an economic advisor to the CEO and Deputy-chairman of the Board of directors. Mrs. Stoeva is also Deputy-chairman of the Board of Directors of Elpharma AD.



**Ivan Badinski**  
Member of the BoD

Mr. Badinski owns an "Organization and Economics of Distribution and Pharmacy Practice" and professional qualification as a "Health manager". In 2000 Mr. Badinski worked in the company as a director of co-operation and licenses. From September 2015, he is a procurator of "Sopharma" AD.



**Bissera Lazarova**  
Member of the BoD

Mrs. Lazarova has completed her higher economic education, specialty "International Economic Relations" at HIE "Karl Marx" Sofia. Mrs. Lazarova's professional experience includes a number of leadership positions in the field of international trade, accounting and control, organization. From 2002 to 2021 Mrs. Lazarova worked as an assistant to the CEO of "Sopharma" AD.

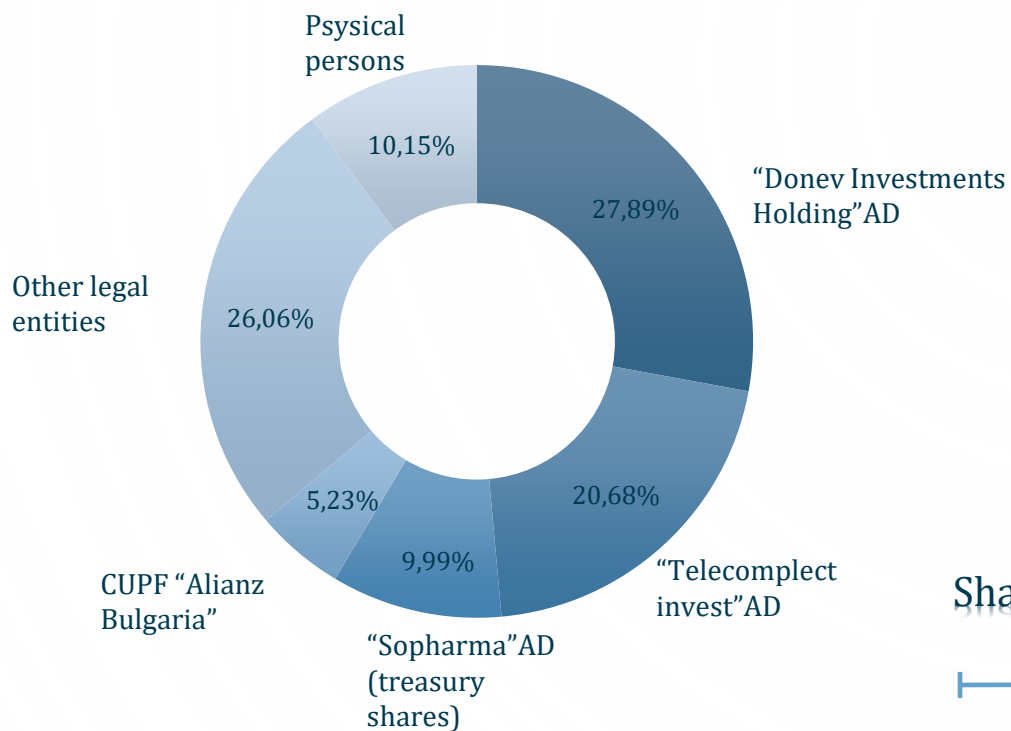


**Alexandar Tchaoushev**  
Independent Member of the BoD

He graduated from the English Language School in Sofia and later completed his higher education at the Moscow State Institute of International Relations.

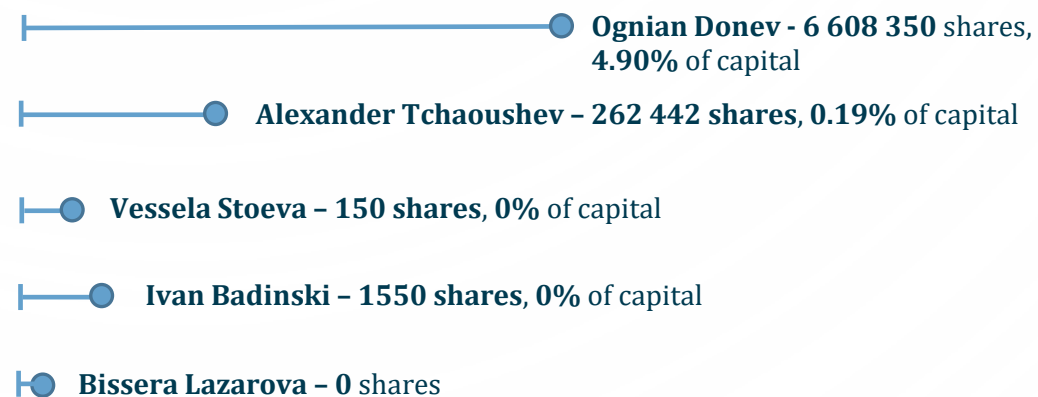
Mr. Chaushev is a member of the Board of Directors of "Sopharma" AD since 2011.

# Shareholder structure at 30.06.2022



In 2021, Sopharma AD acquired 13,055,000 treasury shares.

## Shares of the Board of Directors as of 30.06.2022





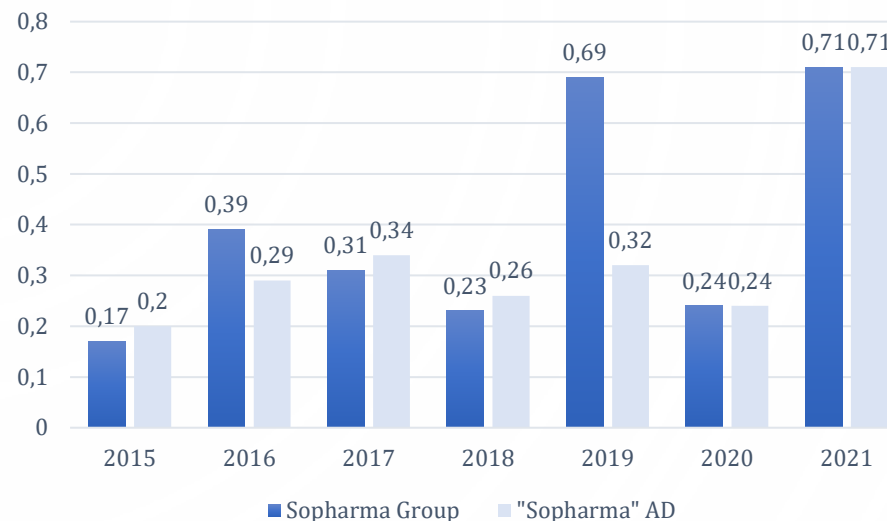
# Shares of "Sopharma" AD



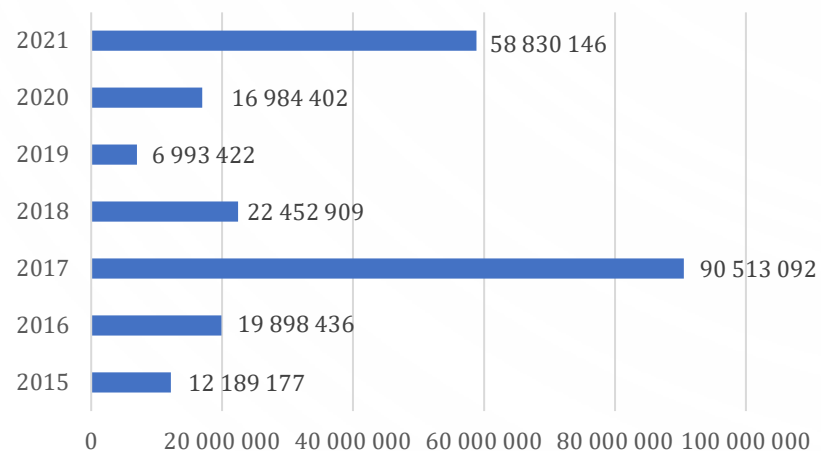
## Price of the shares

Year	Highest price	Lowest price
2015	BGN 3.85	BGN 2.50
2016	BGN 3.078	BGN 2.50
2017	BGN 4.99	BGN 2.99
2018	BGN 4.30	BGN 3.51
2019	BGN 3.74	BGN 3.23
2020	BGN 3.58	BGN 2.40
2021	BGN 4.60	BGN 3.14

## Income per share



## Volume of traded shares for 2021



The shares of the Company are traded on the Bulgarian Stock Exchange - Sofia AD, the Main Market (BSE), the PREMIUM segment and on the official market of the Warsaw Stock Exchange.

# Dividends

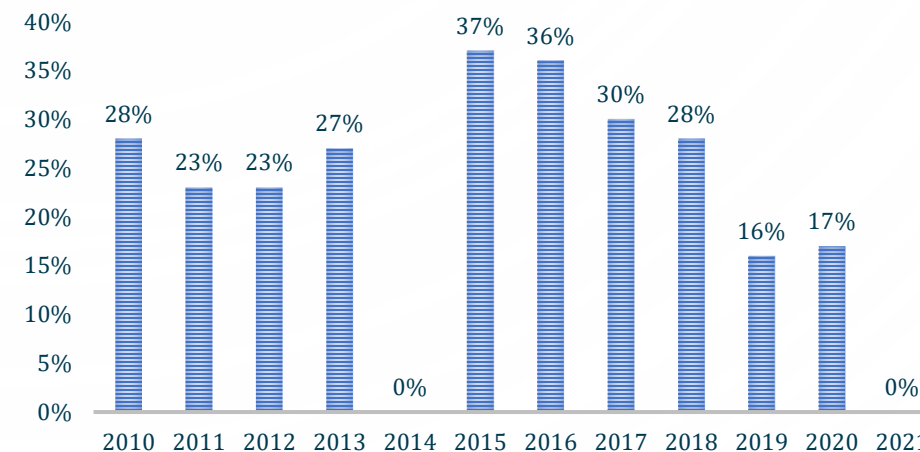


## Dividend for 1 share in BGN

Year	"Sopharma" AD
2010	0.085
2011	0.07
2012	0.07
2013	0.07
2014	none
2015	0.07
2016	0.10
2017	0.11
2018	0.05
2019	0.12
2020	0.04
2021	none

"Sopharma" AD is a pioneer in the payment of a 6-month dividend and after the introduction of this legislative opportunity in 2018 the Company has been taking advantage of it for the third year.

## Dividend payout ratio





Consolidated financial results for the first half of 2022

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## Main markets

# Republic of Bulgaria: Demography and key economic indicators

## GDP (BGN million)



2017 2018 2019 2020 2021\*

\* Preliminary data

Preliminary data show a increase of GDP for 2021 in real terms by 4.2% compared to 2020.

## GDP per capita

BGN 19.268 (€ 9.852)

## Currency

BGN fixed to the euro from 1998  
(€ 1 = BGN 1.96)

## Health budget 2022

BGN 6,5 billion

## Pharmaceutical industry

99% private



## Area

111.000 km<sup>2</sup>

## Population

6.951 million

## Member of EU

since 2007

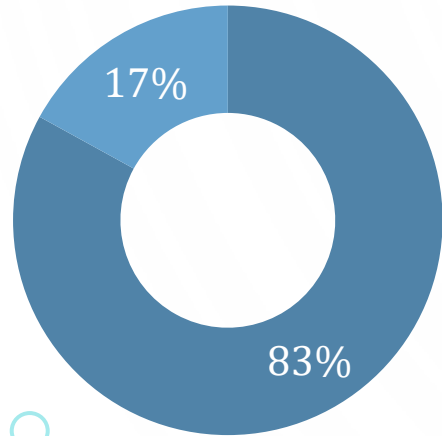
Source: NSI 2021



# Revenues from sales of products



Sales revenues of the Group increased with BGN 43,9 million or 5.8%, reaching BGN 802,9 million in the first half of 2022 compared to BGN 759 million in the first half of 2021.

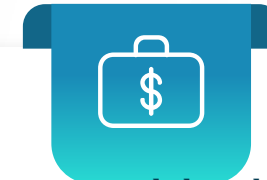


- Revenue from the sale of goods
- Revenues from the sale of finished products



Adjusted for the deconsolidation of the companies sold at the end of last year in Latvia and Belarus, sales growth was 12%. Sales of goods increased with BGN 30,1 million or 4.7%, reaching BGN 667,8 million in the first half of 2022 compared to BGN 637,7 million in the first half of 2021.

After adjustment for the deconsolidation of distribution companies and pharmacy chains in Latvia and Belarus, the growth of sales of goods for the first half of 2022 was 12%. Sales of finished products increased by BGN 13,8 million, or 11.4%, to BGN 135,1 million in the first half of 2022 compared to BGN 121,3 million in the first half of 2021.



On a consolidated basis for the first half of 2022, a growth in revenues from sales of finished products is reported in the countries of the Eurasian Union by 27%, in the Caucasus region by 30%, in Ukraine by 1%, in Serbia by 136%, in Moldova by 15%, in Uzbekistan with 5%. Sales in Poland decreased by 15%, in Vietnam by 45%, in the Baltic States by 14%. A 240% increase was also recorded in sales from contract and contract manufacturing, reaching BGN 4.6 million.

The products with the largest share of sales in the country are Analgin, Sophazon, Vicetin, Fomotidine, Vitamin C, Paracetamol, Bromhexine, Methylprednisolone.



Consolidated financial results for the first half of 2022

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## Financial indicators of Sopharma Group

# Operating expenses



- For the current period the expenses of materials increased by BGN 9 million to BGN 48,1 million, as the most significant change was registered in the expenses of substances, which increased by BGN 3,2 million, as well as in the expenses for electricity and heat, increasing by BGN 1,5 million and BGN 2 million, respectively.
- Personnel expenses decreased by BGN 1,3 million to BGN 73,1 million as a result of the decrease in the average number of personnel in the Group, mainly as a result of the sale of the companies in Latvia and Belarus at the end of 2021.
- The external service expenses decreased by BGN 0,4 million to BGN 32,9 million with the most significant change in construction costs, which decreased by BGN 0,9 million.

Operating expenses	1-6/2022	1-6/2021	Change	rel. share of expenses in 2022
	BGN '000	BGN '000	%	%
Raw materials and consumables used	48 113	39 093	19%	6%
Hired services	32 929	33 378	-1%	4%
Personnel	73 052	74 341	-2%	10%
Depreciation and amortization	25 653	26 929	-5%	3%
Carrying amount of goods sold	585 362	557 930	5%	76%
Other operating expenses	2 591	3 234	-25%	0%
<b>Total operating expenses</b>	<b>767 700</b>	<b>734 905</b>		<b>100%</b>

# Financial income and expenses

- **Financial income and expenses** in the first half of 2022 net registered a loss of BGN 1,6 million, which is a decrease of the loss by BGN 0,9 million compared to the same period of the last year.
- **Financial income** decreased by BGN 2,2 million, interest income from overdue receivables decreased by BGN 0,6 million and net foreign exchange gains on foreign currency loans and leases decreased by BGN 1,4 million.

Financial income	1-6/2022	1-6/2021	Change	relative share of income of 2022
	BGN '000	BGN '000	%	%
Interest income on loans extended	1 077	1 155	-7%	51%
Income from interest on overdue trade receivables	571	1 167	-104%	27%
Net profit from exchange differences on securities transactions receivables	312	104	67%	15%
Interest on receivables under special contracts	82	106	-29%	4%
Income from provided sureties and guarantees	52	4	92%	2%
Income from equity participation (dividends)	26	235	-804%	1%
Income from interest on bank deposits	4	16	-300%	0%
Net profit from exchange differences on foreign currency loans and leases	0	1 357	0%	0%
Net profit from securities investment operations	0	139	0%	0%
<b>Total</b>	<b>2124</b>	<b>4283</b>		<b>100%</b>



# Financial income and expenses



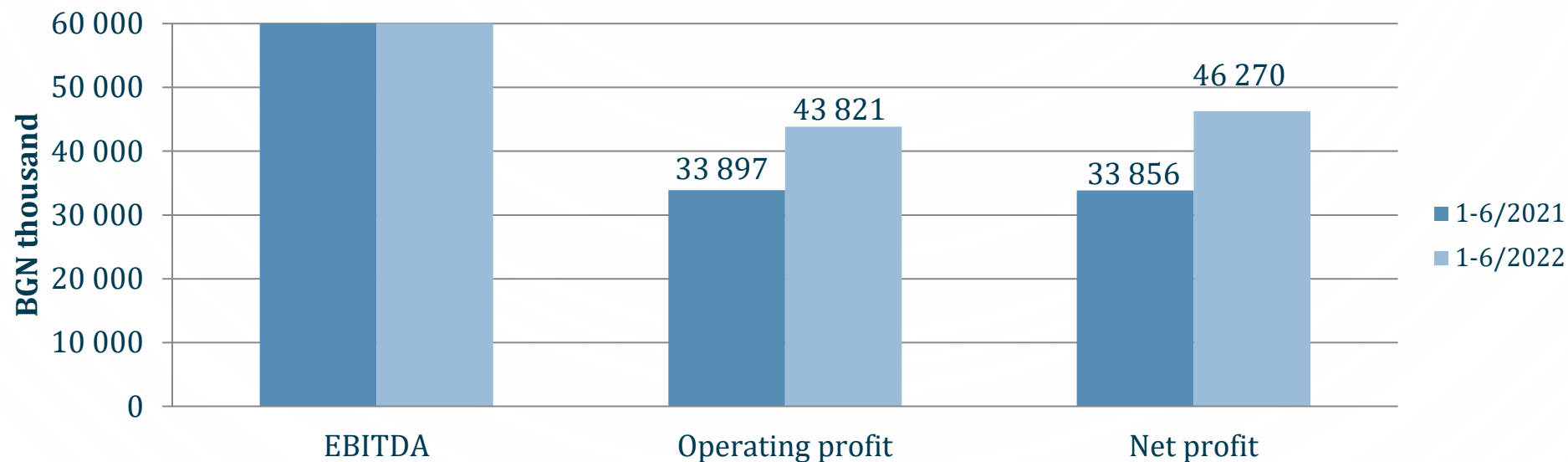
- **Financial expenses** decreased by a total of BGN 3,1 million, while interest expenses on loans received for the current period decreased by BGN 2,5 million as a result of a decrease in the Group's bank exposure due to the sale of shares in the Baltic States and Belarusian companies at the end of last year, as well as the ongoing trend in the current year of reducing bank debt through the generated positive free cash flow in the Group.

Financial expenses	1-6/2022	1-6/2021	Change %	rel. share of expenses of 2022
Interest expense on loans received	2 077	4 600	-121%	56%
Bank fees and charges on loans and guarantees	706	602	15%	19%
Interest expense on leases	560	963	-72%	15%
Other interest expense	209	215	-3%	6%
Net loss on exchange differences from loans denominated in foreign currencies and leases	88	-	100%	2%
Interest expenses on factoring	50	370	-640%	0%
Net change in the impairment adjustment for credit losses on trade receivables	-	3	-	0%
<b>Total</b>	<b>1 589</b>	<b>7 085</b>		<b>100%</b>

# Financial result



- **(EBITDA)** increased by BGN 8,6 million or by 14%, while in the first half of 2022 it amounted to BGN 69,5 million compared to BGN 60,8 million in the first half of 2021.
- **Profit from operating activities** increased by BGN 9,9 million or by 29%, to BGN 43,8 million in the first half of 2022 compared to BGN 33,9 million in the first half of 2021.
- **Net profit** increased by BGN 12,4 million or 37% to BGN 46,3 million in the first half of 2022 compared to BGN 33,9 million in the first half of 2021. In addition to the effect of operating activities, the reduced financial expenses, as well as the increase during the current period from associates in the amount of BGN 5,4 million.



# Assets

- **Non-current assets** in the first half of 2022 increased by BGN 2,9 million compared to the end of last year. The acquired tangible and intangible fixed assets for the period amounted to BGN 20 million. Investments in associates and joint ventures increased by BGN 9,7 million as a result mainly of the reported share in current profit and the increased share in the associate “Doverie-obedinen holding” AD.
- **Current assets** in the first half of 2022 increased by BGN 8,1 million compared to the end of last year, which is mainly due to the increase in trade receivables by BGN 16.3 million and tangible inventories by BGN 13,6 million. Cash and cash equivalents decreased by BGN 18,7 million.

Assets	30.06.2022	31.12.2021	Change %	rel. share
	BGN '000	BGN '000		2022
<b>Non-current assets</b>				
Property, plant and equipment	358 261	362 393	-1%	29%
Intangible assets	50 946	54 421	-7%	4%
Goodwill	13 439	13 420	0%	1%
Investment properties	9 446	9 446	0%	1%
Investments in associated and joint ventures	136 989	127 320	7%	11%
Other long - term equity investments	5 207	5 778	-11%	0%
Long-term receivables from related parties	50 444	49 696	1%	4%
Other long-term receivables	10 582	10 222	3%	1%
Deferred tax assets	1 291	1 050	19%	0%
	<b>456 746</b>	<b>435 891</b>		<b>51%</b>
<b>Current assets</b>				
Inventories	269 529	255 949	5%	22%
Receivables from related enterprises	244 109	227 832	7%	20%
Commercial receivables	15 998	14 479	9%	1%
Loans granted to third parties	30 632	35 250	-5%	3%
Other short-term receivables and assets	19 016	37 722	-98%	2%
	<b>579 284</b>	<b>568 232</b>		<b>48%</b>
<b>TOTAL ASSETS</b>	<b>1 215 889</b>	<b>1 201 978</b>	<b>1%</b>	<b>100%</b>

# Owner's equity and liabilities



- **The equity** of Sopharma Group increased by BGN 40 million compared to 31.12.2021 as a result of the reported net current profit.
- **The liabilities** decreased by BGN 30,1 million compared to the end of 2021. Total liabilities on bank loans, leasing and factoring of the Group decreased by BGN 43,7 million, as the net debt after deduction of cash and cash equivalents decreased with BGN 24,6 million to BGN 268,3 million.

OWNER'S EQUITY	30.06.2022	31.12.2021	Change	rel. share comp. to OE 2022
	BGN '000	BGN '000		
Share capital	134 798	134 798	0%	19%
Reserves	55 023	55 031	0%	8%
Other capital components (reserve for issued warrants)	12 512	12 512	0%	2%
Retained earnings	484 614	444 634		
<b>Total</b>	<b>686 947</b>	<b>646 975</b>	<b>6%</b>	<b>98%</b>
Non-controlling interest	12 892	11 893	8%	2%
<b>TOTAL EQUITY</b>	<b>699 839</b>	<b>658 868</b>	<b>6%</b>	<b>100%</b>

LIABILITIES	30.06.2022 BGN '000	31.12.2021 BGN '000	Change	rel. share compared to total liabilities 2022
<b>Non-current liabilities</b>				
Long-term bank loans	41 998	42 907	-2%	7%
Deferred tax liabilities	7 754	8 472	-9%	1%
Long-term liabilities to related parties	10 962	10 210	7%	2%
Long-term payables to personnel	8 051	7 622	5%	1%
Lease liabilities	37 995	38 589	-2%	6%
Government grants	6 615	6 783	-3%	1%
Other non-current liabilities	7 626	7 635	0%	1%
	<b>121 001</b>	<b>122 218</b>	<b>-1%</b>	<b>20%</b>
<b>Current liabilities</b>				
Short-term bank loans	175 968	217 392	-57%	49%
Short-term part of long-term bank loans	9 402	9 467		0%
Trade payables	156 016	143 480	43%	13%
Payables to related parties	3 816	3 700	21%	2%
Factoring agreement liabilities	5 878	6 370	-199%	1%
Short-term part of leasing liabilities	11 415	11 583	7%	8%
Payables to personnel and social security	19 577	17 888	-23%	3%
Tax payables	5 528	7 039		
Other current liabilities	7 449	6 973		
	<b>395 049</b>	<b>423 892</b>	<b>-34%</b>	<b>76%</b>
<b>TOTAL LIABILITIES</b>	<b>516 050</b>	<b>546 110</b>	<b>-19%</b>	<b>93%</b>
<b>TOTAL OWNERS' EQUITY AND LIABILITIES</b>	<b>1 215 889</b>	<b>1 327 196</b>	<b>1%</b>	



# Cash flows



- **The free cash flow** (normalized with the revenues from factoring and payments under leasing contracts), generated for the first half of 2022, amounts to BGN 29,1 million inflow compared to BGN 38,4 million inflow in the first half of 2021.

Cash flows	30.06.2022	30.06.2021
	BGN '000	BGN '000
Net cash flows from operating activities	27 336	(47 161)
Receipts of amounts on factoring after interest and fees	18 817	109 187
Purchases of property, plant and equipment, intangible assets, net	(8 428)	(13 028)
Payments under lease agreements	(8 602)	(10 608)
<b>Free cash flow (normalized)</b>	<b>29 123</b>	<b>38 390</b>



Consolidated financial results for the first half of 2022

## Production activity: "Sopharma" AD

# Production activity and major products – "Sopharma" AD



**8** manufacturing facilities.



More than **200** products: incl. nearly **190** medicinal products and **11** groups of medical devices.  
**15** traditional products, **12** of the products are plant-based.



**Tabex, Carsil** and **Tempalgin** make a major contribution to the company's export revenues.



The generic product **Analgin** is of major importance to the company's domestic sales.

Product	Description
Carsil	<b>Traditional</b> phyto-product used for the treatment of gastrointestinal diseases (liver diseases).
Tempalgin	<b>Traditional</b> drug used as a painkiller.
Tabex	<b>Traditional</b> phyto-product used for the treatment of nicotine dependence.
Tribestan	<b>Traditional</b> phyto-product that stimulates the sexual functions.
Broncholitin	<b>Traditional</b> product used for treatment of diseases affecting the respiratory system and causing coughing and catarrhal changes.
Analgin	<b>Generic</b> painkiller.
Nivalin	<b>Traditional</b> phyto-based product used for the treatment of diseases of the peripheral nervous system.
Methyl-prednisolon	<b>Generic</b> lyophilized sterile hospital product used for handling cases of severe allergies and certain life threatening conditions.
Vitamin C	Widely used <b>nutritional supplement</b> .
Valeriana	<b>Generic</b> non-prescription herbal medicine used to reduce stress.





Consolidated financial results for the first half of 2022

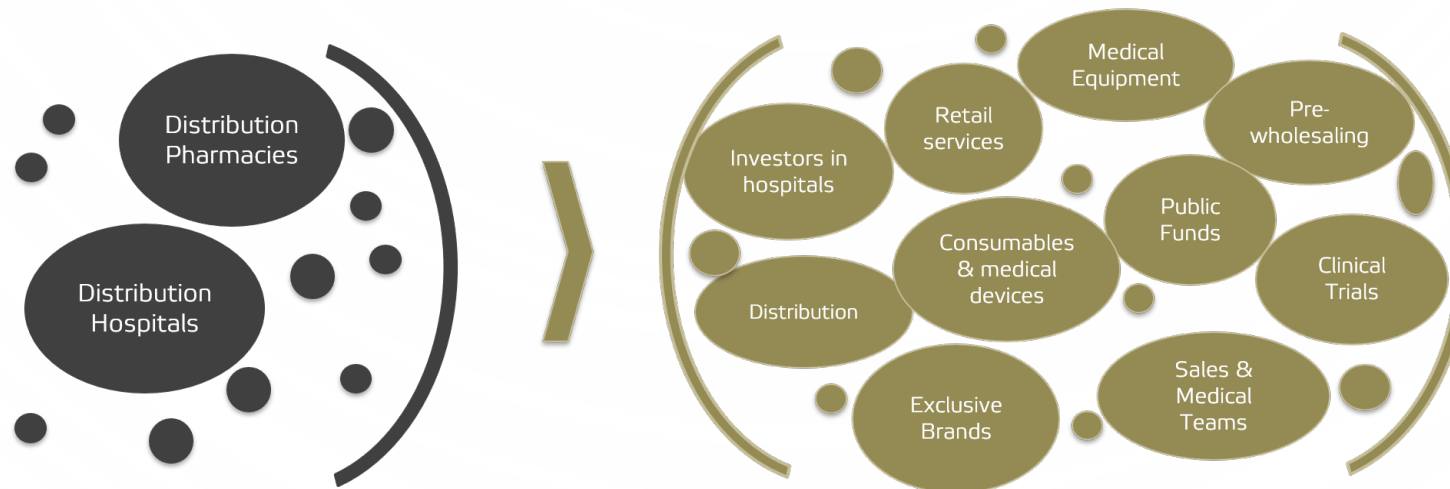
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## Major subsidiaries



## Distribution – „Sopharma Trading“ AD

- The company was established and registered in 1993 as "Sanita Trading" Ltd.
- In 1998 it was transformed into a joint-stock company.
- In 2005 the name of the company became “Sopharma Trading” AD.
- The subject of activity is wholesale and retail trade of medicines and sanitary materials; transport and forwarding activities; purchase, construction and furnishing of real estate for sale; all other commercial transactions not prohibited by law.
- The company strives to diversify its operations so that from a purely distribution company to become a fully integrated provider of comprehensive, innovative and quality healthcare services on the market.



## “Sopharma Trading” AD offers:



**15 000** pharmaceuticals products.



**Turnkey solutions** for hospitals.



**100% coverage on the territory of Bulgaria** and access to any point of the country within 4 hours.

Distribution service through our own fleet of **more than 100 vehicles**.

**Complete logistics solutions** for import, storage and distribution of goods to end customers.



More than **3000 clients**.

# Management and shares



BGN **34 276 050** share capital.



Ordinary registered shares with value of BGN 1 per share.

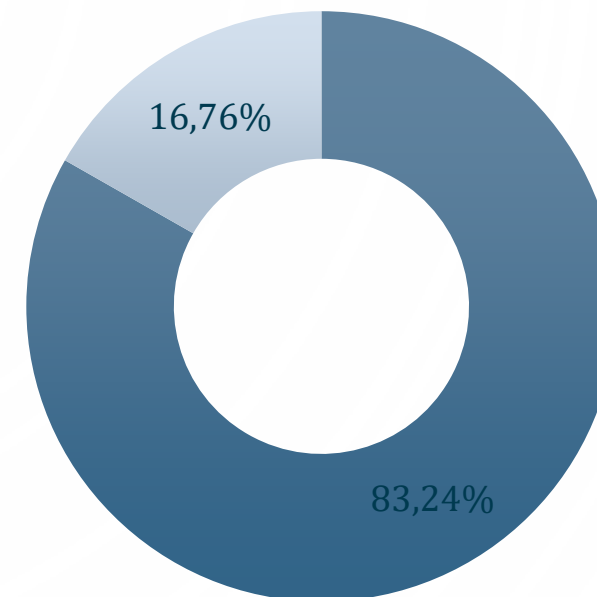


**Shareholder participation** of the members of the BD:

- Ventsislav Marinov – Executive Director and member of BoD – **15 800** shares, **0.05%** of capital;
- Angel Jordanov – member of the BoD – **10** shares, **0.00%** of capital.



**Shareholder structure as at 30 June 2022**



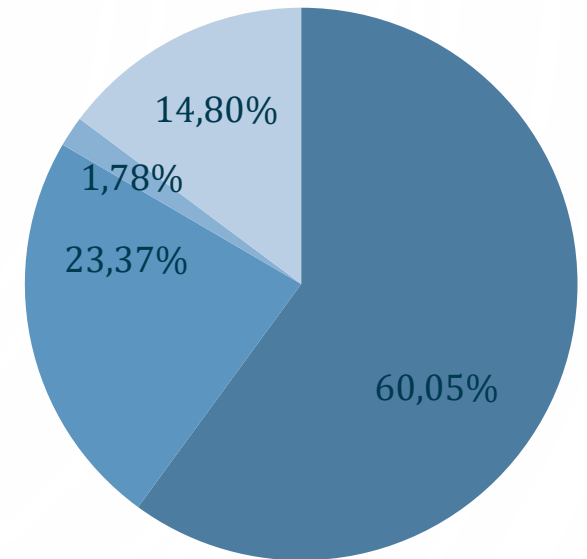
- "Sopharma" AD
- Physical persons, under 5%

# Development

- “Sopharma Trading” AD is developing a new concept pharmacies under the brand S0pharmacy. S0pharmacy offers a modern approach in serving the patient's health needs.
- The main trends in the „wholesale of medicines“:
  1. Consolidation of participants in this market;
  2. Expanding our own portfolio of products focused on food supplements ,cosmetics and OTC;
  3. Minimizing costs in supply chain management.
- The main trends in the development of pharmacies:
  1. Development of a broad portfolio of both prescription drugs and non-prescription drugs, nutritional supplements, medical and non-medical cosmetics;
  2. Development of own-brand products.



Sales by clients group



- Pharmacy market
- Hospital market
- Apparatus
- Wholesaler





Consolidated financial results for the first half of 2022

## New products, significant events and risks

# New developments and products

The following activities were carried out in **April to June - 2022:**

- The development of **3** food supplements is underway.

- Pharmaceutical development of **7** new medicinal products/projects.



- Received **3** Authorizations for the use of medicinal products for new destinations;
- Documentation for registration of **5** medicinal products has been submitted.



- Renewed Marketing Authorizations for **14** medicinal products.
- Submission of documentation for the renewal of the Marketing Authorizations for **8** medicinal products.
- **67** changes for medicinal products submitted to agencies;
- **61** changes for medicinal products approved by agencies.



- **6** production processes/technologies are validated/optimized.



## Significant events during the reported period



- On February 24, 2022, Russian military forces started hostile invasion in Ukraine. Subsequently, a number of countries imposed sanctions on certain individuals and legal entities in Russia. As of the date of preparation of the separate financial statements the assets of these subsidiaries companies are not physically affected by military activities, but it may be necessary in the future to reconsider the value of these investments depending on the development of the war and its impact on the activities of companies.
- At the Regular General Meeting of the shareholders of "Sopharma" AD, held on 3 June 2022, the decisions proposed by the Board of Directors on the relevant items of the agenda were adopted.
- On 7 July 2022, at its meeting, the Board of Directors adopted a decision to issue warrants under the conditions of an initial public offering, as follows:

Exercise price: BGN 6.10

Issuance price of one warrant: BGN 0.48

Number of warrants: 26 959 580

Minimum success threshold of the issue: 13 479 790

Term in which the right can be exercised: 5 years



# Review the main risks



## Business risk

The Group faces significant competition.

The Group's ability to pay dividends depends on a number of factors and there can be no guarantee that the Company will be able to pay dividends in accordance with its dividend policy.

The Group is dependent on regulatory approvals.



## Currency risk

Through the companies in Ukraine and Kazakhstan, the group carries out business operations in these countries and, accordingly, has exposures in Ukrainian hryvnia and Kazakhstani tenge. The currency risk is related to the negative movement of the exchange rates of these currencies against the Bulgarian lev in the future business operations, the recognized assets and liabilities in foreign currency and the net investments in foreign companies.

To control the currency risk, there is a system in place for planning imports, sales in foreign currency, and others.



## Risks related to other markets

The macroeconomic environment, particularly in Bulgaria, Russia and Ukraine, has a significant effect on the Group's operations.

The political situation in Bulgaria and in the Group's export markets, in particular Russia and Ukraine, has a significant effect on the Group's operations and financial condition.

Risks relating to exchange rates and the Currency Board in Bulgaria.



## Legal risk

Developing legislation in some of the countries where the Company sells its products, in particular Russia and Ukraine, may adversely affect its operations in those countries.

Interpretation of tax provisions may be unclear and tax laws and regulations applicable to the Company may be amended.

Litigation or other out-of-court procedures or actions can have an adverse effect on business.



# Thank you for your time and attention!

Investor Relations Department  
"Sopharma" AD

optimum  
**health**  
maximum  
vitality

WWW.SOPHARMA.COM



**sopharma**<sup>®</sup>  
PHARMACEUTICALS

[ir@sopharma.bg](mailto:ir@sopharma.bg)  
**+3592 8134 556**