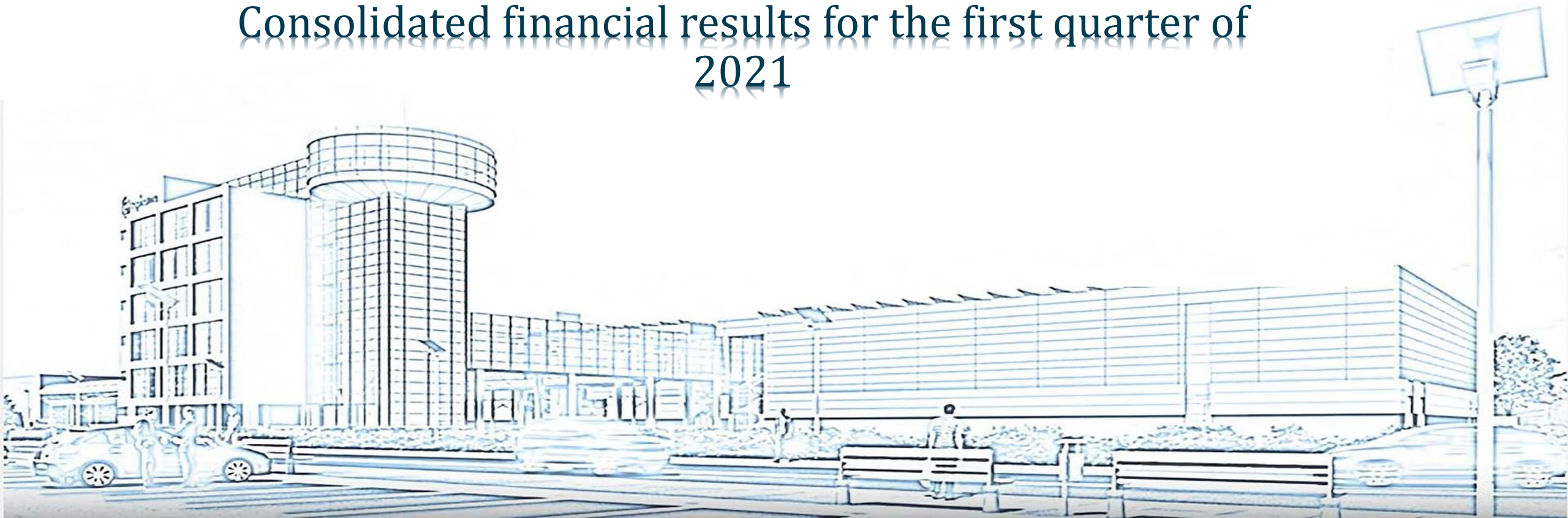


# Sopharma Group

Consolidated financial results for the first quarter of  
2021





Consolidated financial results for the first quarter of 2021

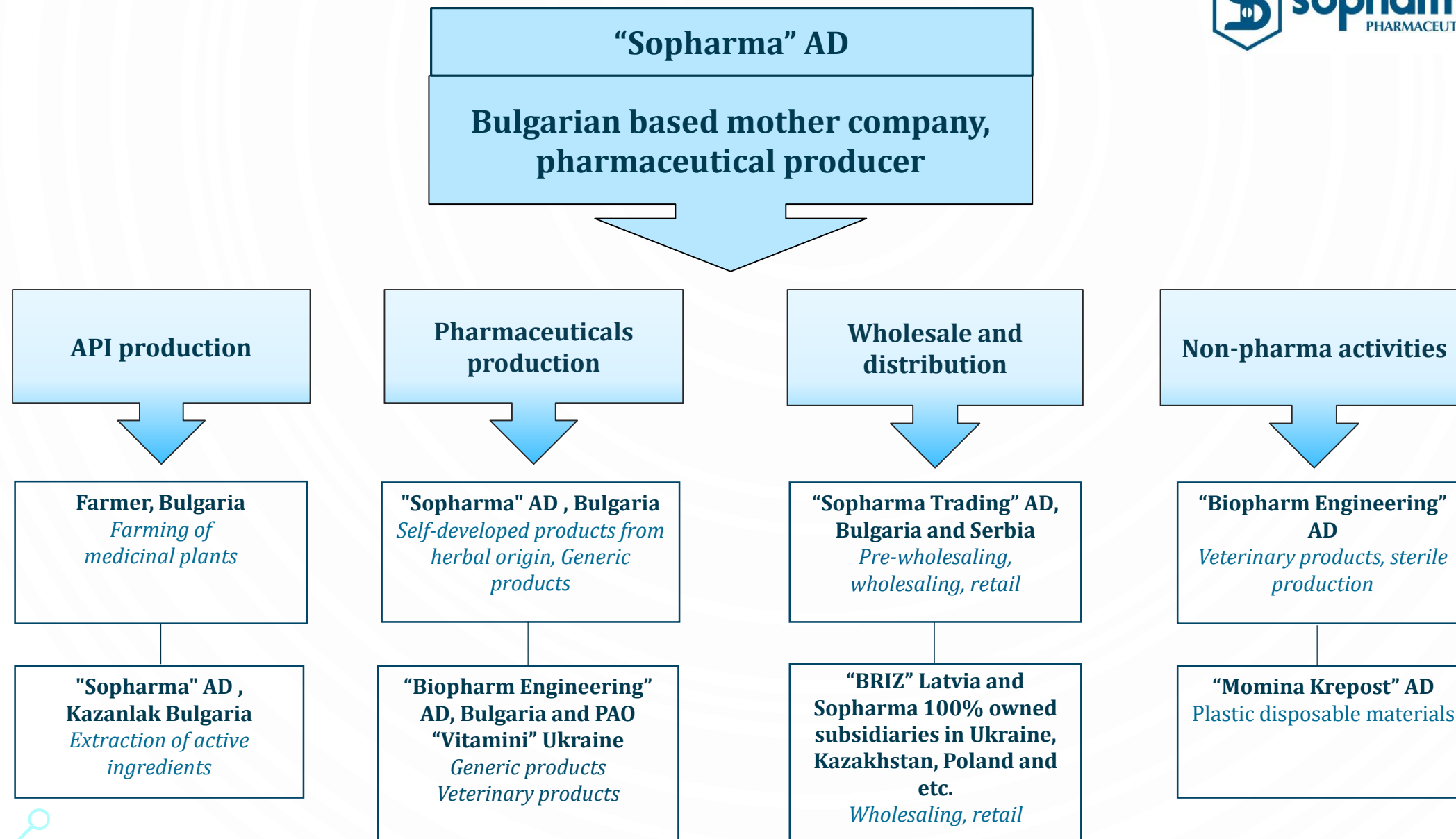
Who are we?

The Group 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.

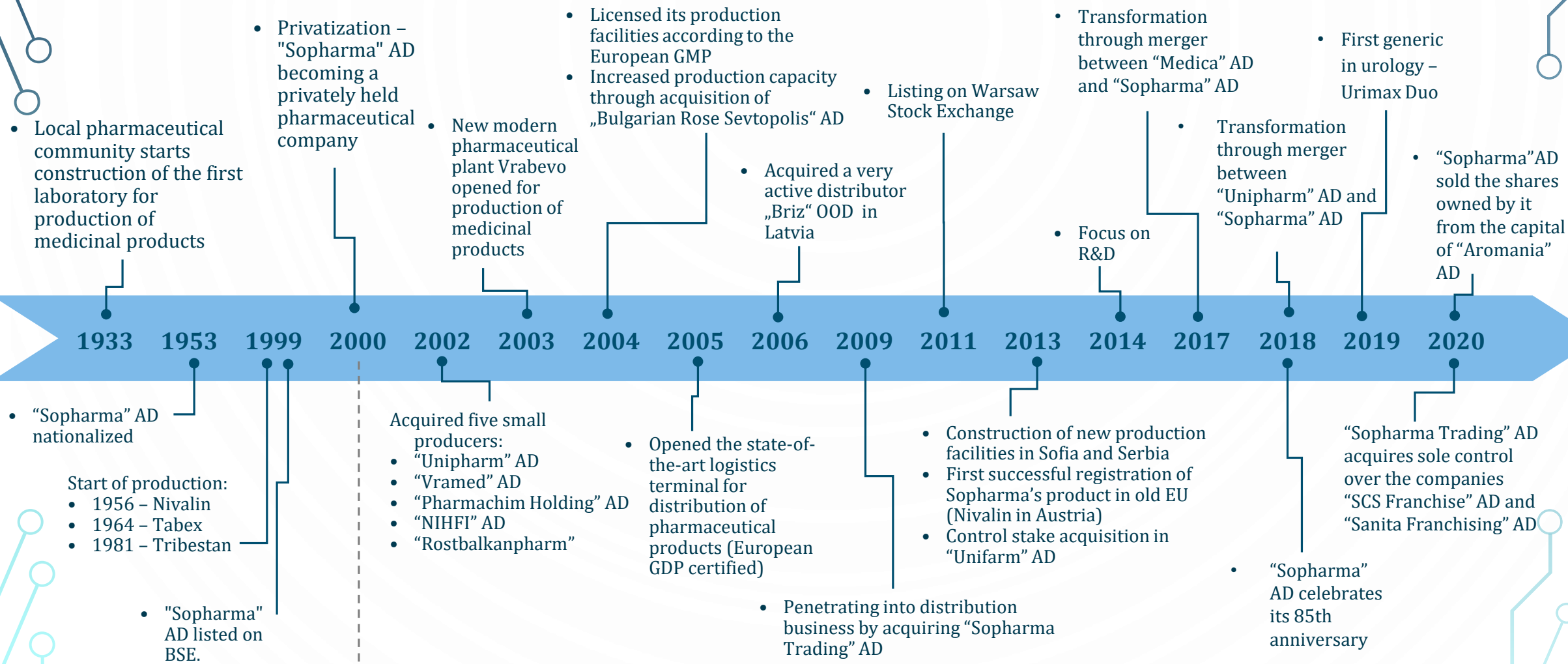
The Group works in the following areas:

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





# Brief history and key milestones:



Modern history – period of constant modernization and development





Consolidated financial results for the first quarter of 2021

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## Our business

# Sopharma Group



**№1 manufacturer of  
ampules and suppositories**



**Revenues  
BGN 378 857  
thousand**



**More than 200  
products**



**Company with established  
traditions and experience**



**EBITDA  
BGN 33 404  
thousand**



**10  
manufacturing plants**



**134 797 899  
shares**

# Key financial indicators



Sales revenues increase with 3.5%



EBITDA increases with 22.9%



Operating profit increases with 21.7%



Net profit increases with 131%



Capex decreases with 7%

Indicators	1-3/2021	1-3/2020
	<i>BGN '000</i>	<i>BGN '000</i>
Sales revenues	378 857	366 045
EBITDA	33 404	27 178
Operating profit	19 924	16 378
Net profit	19 448	8 418
CAPEX**	11 128	11 968
	<b>31.03.2021</b>	<b>31.12.2020</b>
	<i>BGN '000</i>	<i>BGN '000</i>
Non-current assets	619 941	629 935
Current assets	599 574	612 177
Owners' equity	584 885	566 595
Non-current liabilities	121 597	131 066
Current liabilities	513 033	544 451



## “Sopharma” AD as a partner



*Team work*



*Experience*



*Partner in success*

### **Our company offers a large variety of CM 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;
- Cleaning validation, Process validation;
- EU batch release and batch control.

### **Sopharma offers manufacturing of different dosage forms:**

- Solid dosage forms (both sugar and film-coating tablets, hard gelatin capsules);
- Semi-solid dosage forms (creams, gels, ointments, suppositories);
- Sterile dosage forms (terminal sterilization and aseptic preparation, BFS technology);
- Non-sterile solutions (syrups, oral suspensions, ear drops, liquids for external use).



Consolidated financial results for the first quarter of 2021

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## Management, shares and dividends

# Board of Directors



**Ognian Donev, PhD**

**Chairman of the Board of Directors 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 Board of directors**

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 Board of directors**

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.



**Ognian Palaveev**

**Independent Member of the BoD**

Mr. Palaveev completed his economic education in Germany and has over 37 years of experience in the fields of economics and trade.

In the last 15 years he has been an executive director of Unipharm AD and for more than 8 years he is member of the Board of Directors 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 31 March 2021

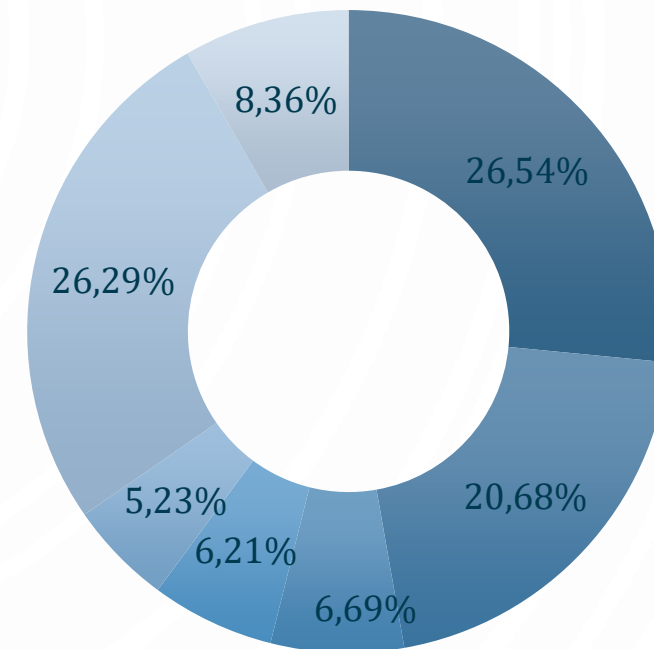


**134 797 899** shares with nominal value BGN 1 per share.



## Shareholder participation of the members of the Board of Directors:

- Ognian Donev – directly **3 088 602** shares, **2.29%** of capital and indirectly **35 779 716** shares, **26.54%** through “Donev Investments Holding” AD
- Ognian Palaveev – **187 520** shares, **0.14%** of capital
- Alexander Tchaoushev – **111 142** shares, **0.08%** of capital
- Vessela Stoeva – **150** shares
- Ivan Badinski – **350** shares



- "Donev Investments Holding" AD
- "Telecomplex invest" AD
- "Sopharma" AD (treasury shares)
- "Rompharm company" OOD
- CUPF "Alianz Bulgaria"
- Other companies
- Physical persons

# Information about the shares



**134 797 899** shares with nominal value BGN 1 per share.



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.





## Dividend policy

- “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.
- “Sopharma Trading” AD has a solid dividend policy, the payment is still over 50% from the achieved positive financial result.

### Dividend per share in BGN

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
"Sopharma" AD	0.085	0.07	0.07	0.07	none	0.07	0.10	0.11	0.05	0.05 0.07	0.04
"Sopharma Trading" AD	0.15	0.17	0.20	0.23	0.27	0.30	0.30	0.30	0.30	0.30	

### Dividend payout ratio

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
"Sopharma" AD	28%	23%	23%	27%	none	37%	36%	30%	28%	16%
"Sopharma Trading" AD	75%	85%	91%	91%	82%	82%	74%	70%	55%	51%



Consolidated financial results for the first quarter of 2021

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## Key markets

# Republic of Bulgaria: Demography and key economic indicators

## GDP (BGN million)



2016 2017 2018 2019 2020\*

\* Preliminary data

Preliminary data show a decrease of GDP for 2020 in real terms by 4.2% compared to 2019.

## GDP per capita

BGN 17.146 (€ 8.748)

## Currency

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

## Health budget 2021

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 2020



Consolidated financial results for the first quarter of 2021

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## Key financial indicators of Sopharma Group

## Operating revenues

- **Sales revenues of the Group** increased with BGN 12,9 million or 3.5%, reaching BGN 378,9 million in Q1 2021.

- **Bulgaria**

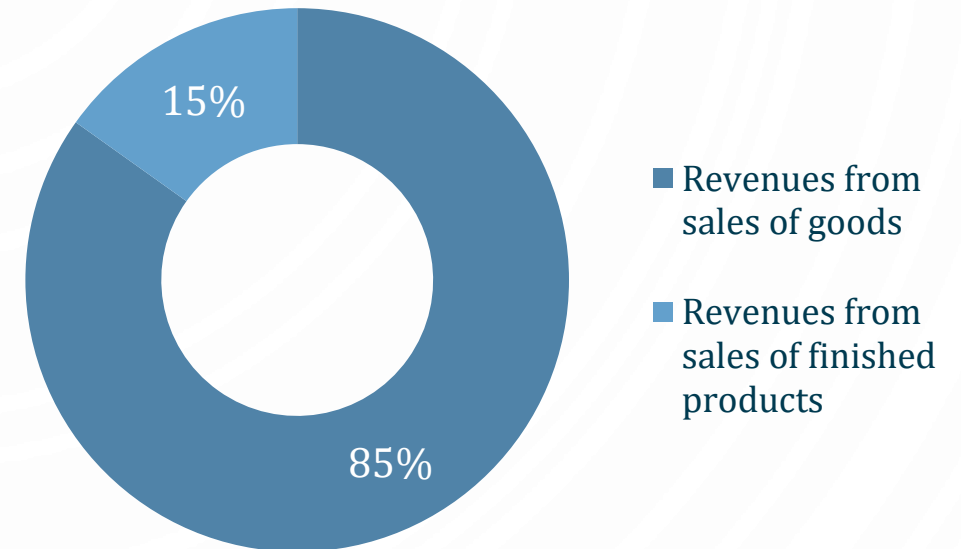
Sopharma has a 3% share on the Bulgarian pharmaceutical market in terms of value and a 11% share in terms of solid quantity -units.

- **Europe**

In Ukraine, there was a decrease in sales revenues in value by BGN 4,3 million or 23.2%, as the depreciation of the local currency against the BGN has an additional effect here.

In Russia, sales of finished products increased by BGN 0,8 million or 9% compared to the previous period last year.

A decrease was also registered in sales in Kazakhstan and Poland by BGN 1,4 million and BGN 0,7 million.





# Other operating revenues



- **Other operating revenues** increased by BGN 2,6 million to BGN 3,9 million in Q1 2021, compared to BGN 1,3 million in Q1 2020, on the one hand as a result of increased revenues from services provided by BGN 1 million, and on the other hand as a result of an increase in foreign exchange gains on trade receivables and payables and current accounts in the amount of BGN 1,9 million.



Other operating revenues	1-3/2021	1-3/2020	Change	rel. share
	BGN '000	BGN '000	%	2021
Services rendered	2 189	1 237	43%	56%
(Losses) / gains on foreign exchange from trade receivables and payables and current accounts	878	-997	214%	22%
Government grants	235	239	-2%	6%
Rents	211	228	-8%	5%
Interests on current accounts	72	59	18%	2%
Profit from sale of fixed assets	42	82	-95%	1%
Other income	316	488	-54%	8%
<b>Total operating revenues</b>	<b>3 943</b>	<b>1 336</b>		<b>100%</b>

# Operating expenses



- For the current period more significant changes are reported in personnel expenses, which increased by BGN 3,9 million and depreciation and amortization expenses, which increased by BGN 2,7 million. The main reason is the acquisition of new pharmacy companies at the end of the last year. The most significant change in external service expenses is in advertising and marketing services, which decreased by BGN 3,8 million.

Operating expenses	1-3/2021	1-3/2020	Change	rel. share of expenses in 2021
	BGN '000	BGN '000	%	%
Changes in inventories of finished goods and work in progress	4 094	985	76%	1%
Materials	19 355	22 790	-18%	5%
Hired services	16 198	19 648	-21%	4%
Personnel	36 655	32 771	11%	10%
Depreciation and amortization	13 480	10 800	20%	4%
Book value of goods sold	279 855	264 335	6%	75%
Other operating expenses	1 427	1 644	-15%	0%
<b>Total operating expenses</b>	<b>371 064</b>	<b>352 973</b>		<b>100%</b>

# Financial income



**Financial income and expenses** in Q1 2021 net registered a loss of BGN 1,1 million, which is a decrease of the loss by BGN 4,9 million compared to the same period of the last year.

This change is a result of the net foreign exchange loss registered last year on foreign currency loans and lease agreements of BGN 4,3 million, which is mainly due to the depreciation of the Belarusian ruble and its effect on debt exposure in euros and dollars of the Group companies in Belarus.

In the current period, the profit from the partial appreciation of foreign currencies amounts to BGN 0,6 million.

Financial income	1-3/2021	1-3/2020	Change	relative share of income of 2021
	<i>BGN '000</i>	<i>BGN '000</i>	%	%
Interest income on loans granted	1 381	835	40%	63%
Net gains from exchange differences from loans denominated in foreign currencies and leases	565		100%	26%
Net gain from exchange differences from receivable on transactions in securities	148	80	46%	7%
Interest on receivables under special contracts	60	3	95%	3%
Net gain on transactions with investments in securities	45	92	-104%	2%
Interest income on bank deposits	6	8	-33%	0%
Interest income on overdue trade receivables	0	320		0%
<b>Total</b>	<b>2205</b>	<b>1338</b>		<b>100%</b>

# Financial expenses



**Financial income and expenses** in Q1 2021 net registered a loss of BGN 1,1 million, which is a decrease of the loss by BGN 4,9 million compared to the same period of the last year.

This change is a result of the net foreign exchange loss registered last year on foreign currency loans and lease agreements of BGN 4,3 million, which is mainly due to the depreciation of the Belarusian ruble and its effect on debt exposure in euros and dollars of the Group companies in Belarus.

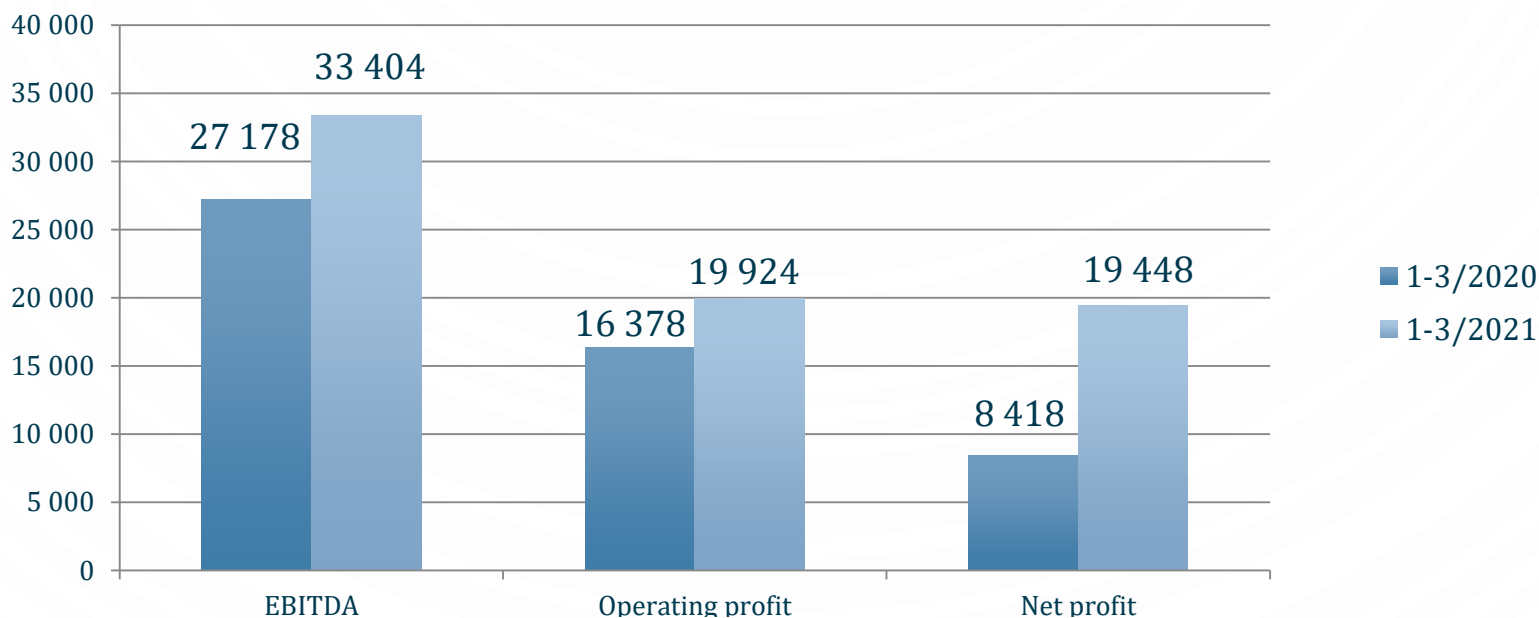
In the current period, the profit from the partial appreciation of foreign currencies amounts to BGN 0,6 million.

Financial expenses	1-3/2021	1-3/2020	Change	relative share of income of 2021
	BGN '000	BGN '000	%	%
Interest expense on loans received	2292	2285	0%	70%
Interest expense on leases	483	367	24%	15%
Bank fees and charges on loans and guarantees	224	187	17%	7%
Interest expense under factoring agreement	199	129	35%	6%
Other interest expenses	87	0	100%	3%
Net change in the impairment adjustment for credit losses on trade receivables	3	0	100%	0%
Net loss from exchange differences from loans denominated in foreign currencies and leases	0	4392		0%
<b>Total</b>	<b>3288</b>	<b>7360</b>		<b>100%</b>

# Financial result



- **EBITDA** increased by BGN 6,2 million or by 23%, while in Q1 2021 it amounted to BGN 19,4 million compared to BGN 8,4 million in Q1 2020. The increased profit margin of goods sold by 2.6% to 12.9% compared to the first quarter of 2020 has a positive impact, largely due to the acquired new pharmacies in the Group.
- **Profit from operating activities** increased by BGN 3,5 million or by 22%, to BGN 19,9 million in Q1 2021 compared to BGN 16,4 million in Q1 2020.
- **Net profit** increased by BGN 11 million or 131% to BGN 19,4 million in Q1 2021 compared to BGN 8,4 million in Q1 2020. Positive impact had the reduced financial expenses as a result of foreign exchange losses as well as the profit from associates in amount of BGN 1,5 million recorded in the current period and profit from the acquisition and disposal of shares in subsidiaries of BGN 1,4 million.





# Assets

- **Non-current assets** decreased by BGN 10 million, mainly due to the written-off of the carrying amount of assets on disposal of investment in subsidiaries.
- The acquired tangible and intangible fixed assets for the period amounted to BGN 11,1 million.
- Investments in associates and joint ventures increased by BGN 3,5 million as a result of the reclassification of “Momina Krepost” AD as a joint venture on the one hand, as well as from the reported share in the current profit of the associated company “Doverie - obedinen holding” AD in the amount of BGN 1,5 million.
- **Current assets** decreased by BGN 12,6 million, mainly due to the decrease of inventories by BGN 6,7 million, trade receivables with BGN 3,2 million and cash by BGN 2,9 million.

Assets	31.03.2021	31.12.2020	Change %	Rel. share
	BGN '000	BGN '000		2021
<b>Non-current assets</b>				
Property, plant and equipment	383 748	395 872	-3%	31%
Intangible assets	57 117	58 272	-2%	5%
Goodwill	13 343	13 269	1%	1%
Investment property	11 375	11 691	-3%	1%
Investments in associated companies and joined ventures	66 257	62 811	5%	5%
Other long-term equity investments	15 574	14 294	8%	1%
Long-term receivables from related parties	60 163	59 726	1%	5%
Other long-term receivables	12 159	11 951	2%	1%
Deferred tax assets	205	2 049	-900%	0%
	<b>619 941</b>	<b>629 935</b>		<b>51%</b>
<b>Current assets</b>				
Inventories	280 824	287 569	-2%	23%
Trade receivables	247 523	250 707	-1%	20%
Receivables from related parties	8 334	6 682	20%	1%
Other current receivables and assets	40 536	41 926	-3%	3%
Cash and cash equivalents	22 357	25 293	-13%	2%
	<b>599 574</b>	<b>612 177</b>		<b>49%</b>
<b>TOTAL ASSETS</b>	<b>1 219 515</b>	<b>1 242 112</b>		<b>100%</b>

# Owner`s equity and liabilities



- **The equity** of Sopharma Group increased by BGN 18,3 million compared to 31.12.2020 as a result of the reported net current profit.
- **The liabilities** decreased by BGN 40,9 million compared to the end of 2020.
- **Total liabilities on bank loans, leasing and factoring** of the Group decreased by BGN 35 million, as the net debt after deduction of cash and cash equivalents decrease by BGN 33,2 million to BGN 367 million.

OWNER'S EQUITY	31.03.2021	31.12.2020	Change	rel. share compared to OE 2021
	BGN '000	BGN '000	%	%
<b>Equity attributable to equity holders of the parent</b>				
Share capital	134 798	134 798	0%	23%
Reserves	57 464	57 701	0%	10%
Retained earnings	379 212	360 770	5%	65%
	<b>571 474</b>	<b>553 269</b>	3%	98%
<b>Non-controlling interests</b>	<b>13 411</b>	<b>13 326</b>	1%	2%
<b>TOTAL EQUITY</b>	<b>584 885</b>	<b>566 595</b>	3%	100%
<b>LIABILITIES</b>				<b>rel. share compared to total liabilities 2021</b>
<b>Non-current liabilities</b>				
Long-term bank loans	29 550	34567	-17%	5%
Deferred tax liabilities	6 645	7937	-19%	1%
Long-term liabilities to related parties	8 815	8783	0%	1%
Long-term payables to personnel	7 325	7339	0%	1%
Finance lease liabilities	48 792	49593	-2%	8%
Government grants	8 005	10422	-30%	1%
Other non-current liabilities	12 465	12425	0%	2%
	<b>121 597</b>	<b>131066</b>	-8%	19%

# Owner`s equity and liabilities

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- **Total liabilities on bank loans, leasing and factoring** of the Group decreased by BGN 35 million, as the net debt after deduction of cash and cash equivalents decrease by BGN 33,2 million to BGN 367 million.

Current liabilities	31.03.2021 BGN`000	31.12.2020 BGN`000	Change %	rel. share compared to total liabilities 2021
Short-term bank loans	240 557	255 281	-6%	38%
Short-term part of long-term bank loans	28 484	31 172	-9%	4%
Trade payables	157 248	164 919	-5%	25%
Payables to related parties	3 324	2 367	29%	1%
Factoring agreement liabilities	24 804	36 591	-48%	4%
Short-term part of leasing liabilities	16 868	17 951	-6%	3%
Payables to personnel and social security	18 374	17 996	2%	3%
Tax payables	11 185	6 590	41%	2%
Other current liabilities	12 189	11 584	5%	2%
<b>TOTAL LIABILITIES</b>	<b>513 033</b>	<b>544 451</b>	-6%	81%
<b>TOTAL OWNERS' EQUITY AND LIABILITIES</b>	<b>634 630</b>	<b>675 517</b>	-6%	100%
	<b>1 219 515</b>	<b>1 242 112</b>	-2%	

# Cash flows



- The free cash flow (normalized with the revenues from factoring and payments under leasing contracts), generated for Q1 2021, amounts to BGN 18,2 million inflow compared to BGN 9,2 million in Q1 2020 outflow.

	31.03.2021	31.03.2020
	BGN '000	BGN '000
Net cash flows from operating activities	(18 113)	(44 584)
Proceeds of amounts by factoring	48 244	48 450
Purchases of property, plant and equipment, intangible assets, net	(6 208)	(9 381)
Payments under lease agreements	(5 723)	(3 675)
<b>Free cash flow (normalized)</b>	<b>18 200</b>	<b>(9 190)</b>



Consolidated financial results for the first quarter of 2021

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Production activity:  
"Sopharma" AD



# Production activity and major products – "Sopharma" AD



9 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.
Broncholitín	<b>Traditional</b> product used for treatment of diseases affecting the respiratory system and causing coughing and catarrhal changes.
Analgin	<b>Generic</b> painkiller.
Nivalín	<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.

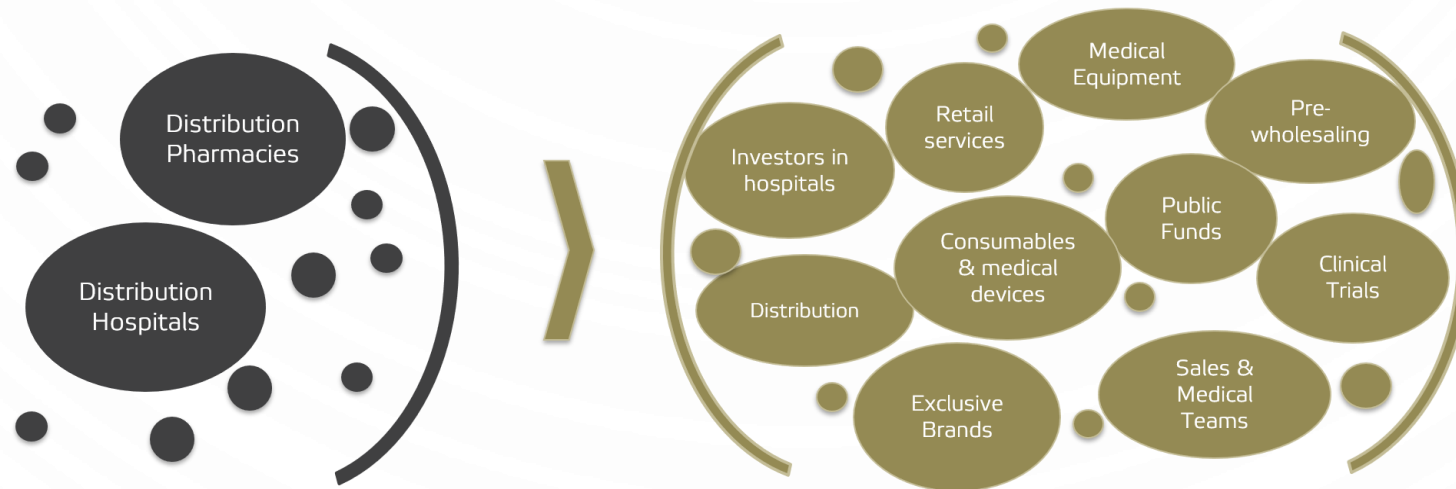


Consolidated financial results for the first quarter of 2021

## 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 130 vehicles**.

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



More than **3000 clients**.

## Key highlights



- **100%** national distribution coverage in Bulgaria and Serbia with four regional distribution centers.
- Daily deliveries to **3,500 pharmacies and 350 medical establishments**.
- The company also offers a **pre-distribution service** - warehousing and logistics services for pharmaceutical products.
- The national logistics coverage in Bulgaria is implemented through **three** bases in Sofia, Varna and Veliko Tarnovo.
- The warehouse of “Sopharma Trading” AD in Sofia is the **most modern** pharmaceutical logistics terminal in Bulgaria.

Indicators	01-03.2021	01-03.2020
Revenues from sales ( <i>BGN '000</i> )	237 052	230 561
Net profit ( <i>BGN '000</i> )	6 927	6 103
Net profit per share	0.20	0.18
	<b>31.03.2021</b>	<b>31.12.2020</b>
Assets ( <i>BGN '000</i> )	472 238	482 876
Owners' equity ( <i>BGN '000</i> )	118 982	112 055
Shares ( <i>BGN '000</i> )	34 276	34 276



# Management and shares



BGN **34 276 050** share capital



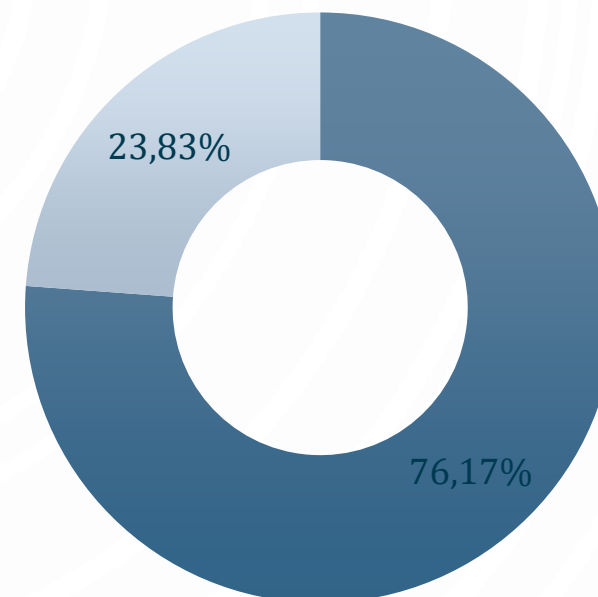
Ordinary registered shares with value of BGN 1 per share.



**Shareholder participation** of the members of the Board of Directors:

- Ognian Donev – Chairman – **750 786** shares, **2.19%** of capital.
- Dimitar Dimitrov – member and Executive Director – **233 439** shares, **0.68%** of capital.

**Shareholder structure as at 31 March 2021**



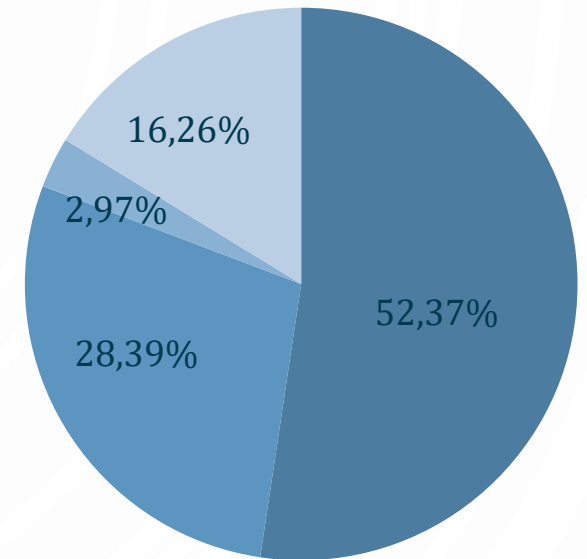
- "Sopharma" AD
- Physical persons, under 5%

# Development

- “Sopharma Trading” AD is actively working to expand its market positions in the various segments in which it operates - hospital and pharmacy.
- In 2015, the Company started the development of its retail chain of pharmacies under the SOpharmacy brand.
- The annual average market growth rate in Europe will be 2-5%.
- The market for medicinal products in developed countries in the EU will grow at a very slow pace (an average of 0.8% annually).
- Major trends in the „wholesale drug industry“:
  1. Consolidation of participants in this market;
  2. Expanding our own portfolio of products focused on cosmetics and OTC;
  3. Cost minimization in supply chain management;
  4. Digitalization the sector and analyzing Big Data based processes.



Sales by clients group



- Pharmacy market
- Hospital market
- Apparatus
- Wholesaler



Consolidated financial results for the first quarter of 2021

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## New products, significant events and risks

## New developments and products

- Marketing Authorization for one new medicinal products was **obtained Carsil 22,5 mg coated tablets (Belarus)**.
- Received **3** Authorizations for the use of medicinal products for new destinations, namely:
  - Ambrolytin 30 mg tablets (Estonia);
  - Dexketoprofen Sopharma 50 mg / 2 ml solution for injection / infusion (Poland);
  - Alyssum 7 mg / ml syrup (Romania).
- Documentation has been submitted for the registration of **5** medicinal products to agencies of new destinations.
- During the reporting period **two** nutritional supplement for Bulgaria.
- Submission of documentation for the renewal of the Marketing Authorizations for **29** medicinal products.
- **190** changes for medicinal products approved by agencies.
- **140** changes for medicinal products submitted to agencies.
- There is a pharmaceutical development of **4** new medicinal products;
- **6** medicinal products / active substances have been transferred / are in the process of transfer and **10** production processes / technologies have been validated / optimized.





## Significant events during the reported period



- On 10 March 2021 the Company sold 396,600 of its shares in the capital of “Momina Krepost” AD, as a result of which the share of ownership of “Sopharma” AD became 37.46%. On 15 March 2021 an agreement was concluded between “Sopharma” AD and “Medical Consumables” OOD for a common policy in the management of Momina Krepost” AD through joint exercise of voting rights.
- At the Extraordinary General Meeting of Shareholders of “Sopharma” AD, held on 2 April 2021, the amendments to the Articles of Association of the Company proposed by the Board of Directors were adopted by a majority of 85.93% of the presented capital.
- At its meeting the Board of Directors adopted a decision for issuance, under the conditions of initial public offering, of warrants as follows:

Exercise value: BGN 4.13

Issuance price of one warrant: BGN 0.28

Number of warrants: 44,932,633

Minimum success threshold of the issue: 22,466,317

Term in which the right can be exercised: 3 years





# Review the main risks

1. The COVID19 pandemic.
2. Significant competition.
3. The Company is dependent on regulatory approvals.
4. The Company'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 or at all in any given year.
5. Operational risk, which is inherent to its business activities.
6. The macroeconomic environment has a significant effect on the Company's operations and position.
7. Currency risk - Through the companies in Belarus and Ukraine, the group carries out business operations in these countries and, accordingly, has substantial exposures in Belarusian rubles and Ukrainian hryvnia. 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. The rest of the companies abroad sell mainly on local markets, leading to currency risk and against their currencies - the Serbian dinar and the Polish zloty.



# Thank you for your time and attention!

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