

Sopharma Group

Consolidated financial results for the nine months of
2021





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Who are we?

Sopharma Group

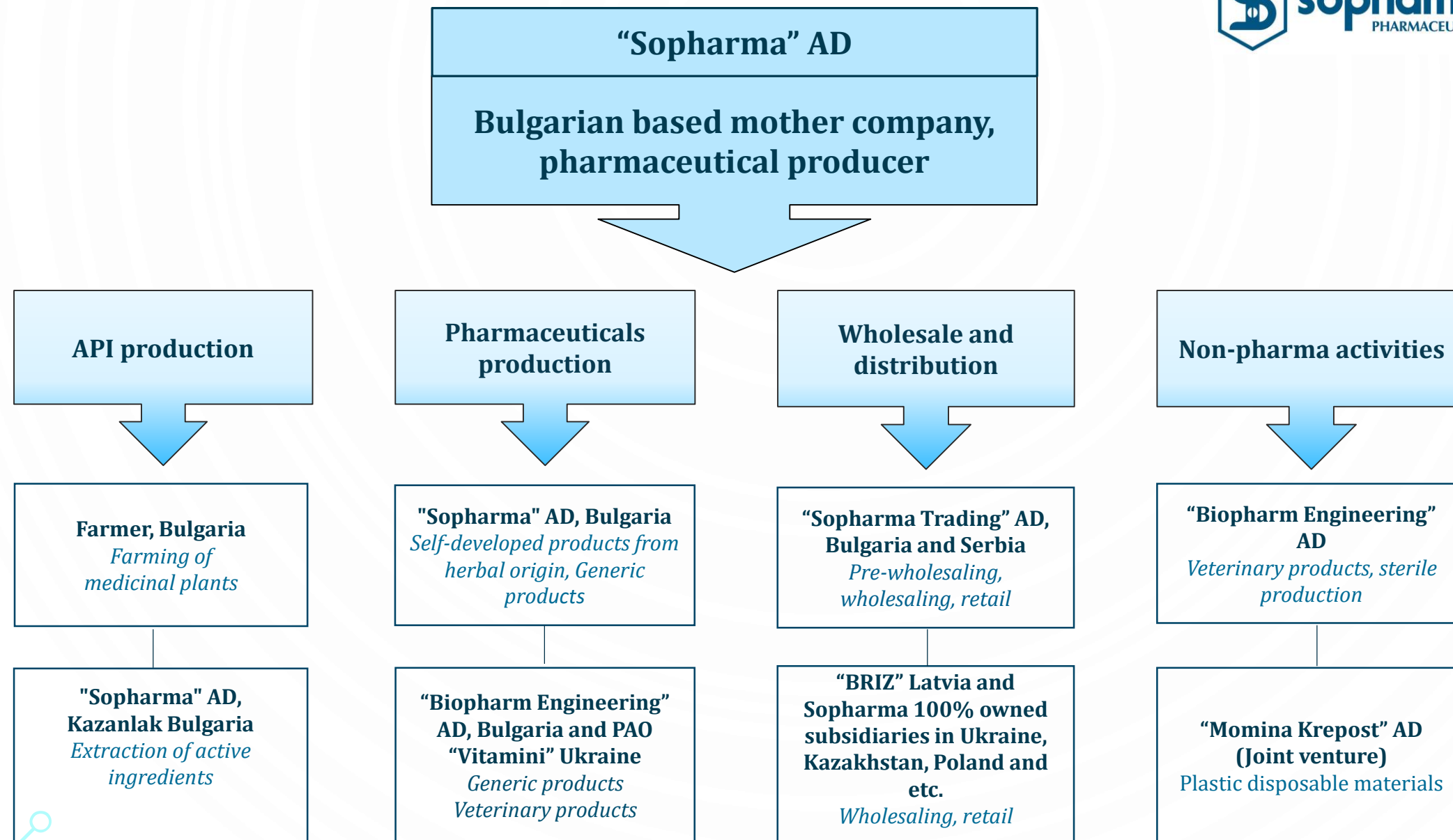


The Group is a leading, **vertically-integrated** Bulgarian **manufacturer**, exporter and **distributor** of pharmaceutical and other health related products with a strong presence in **Southern and Eastern Europe**, offering a wide range of prescription and OTC pharmaceutical products and other health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

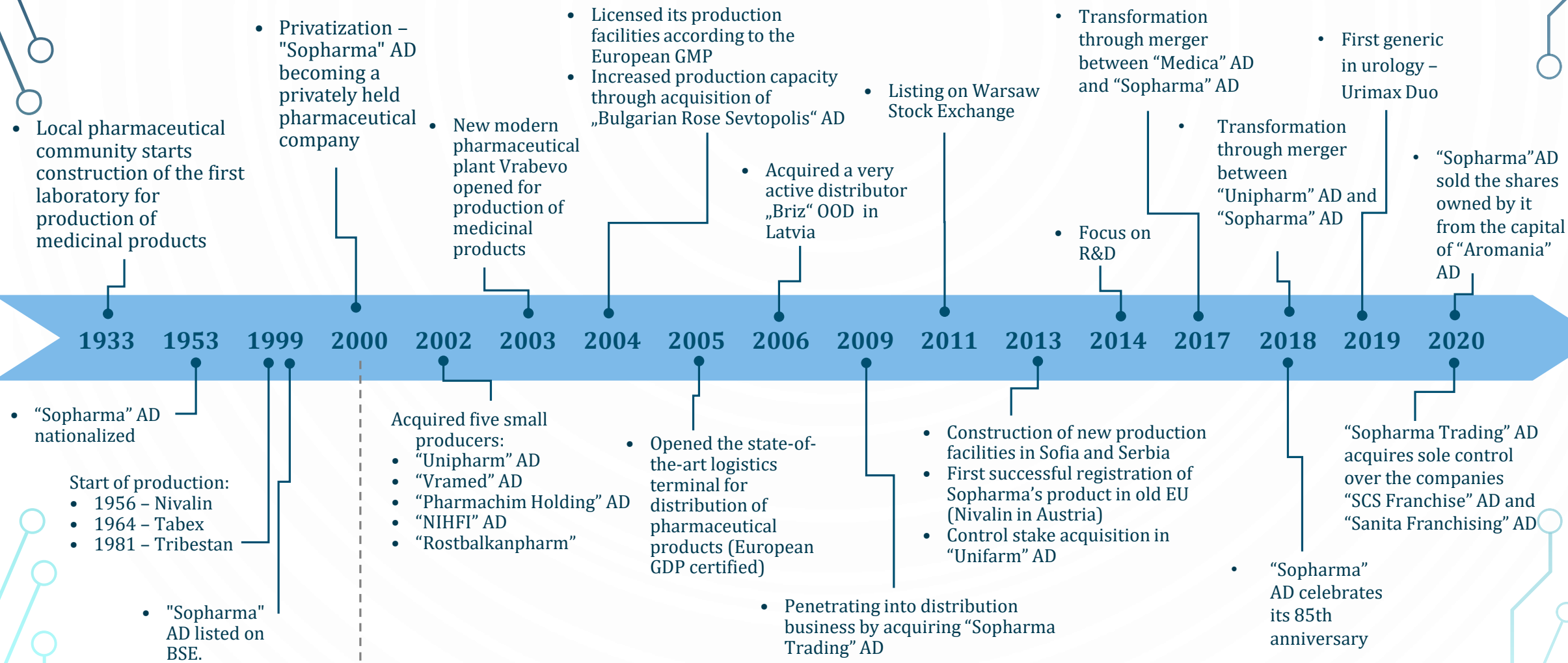
The Group works in the following areas:

- 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



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Our business

Sopharma Group



**№1 manufacturer of
ampules and suppositories**



**Revenues
BGN 1 179 329
thousand**



**More than 200
products**



**Company with established
traditions and experience**



**EBITDA
BGN 95 750
thousand**



**9
manufacturing plants**



**134 797 899
shares**

Key financial indicators



Sales revenues increase with 15.8%



EBITDA increases with 46.1%



Operating profit increases with 68.2%



Net profit increases with 205.5%



Capex increases with 4.2%

Indicators	1-9/2021	1-9/2020
	<i>BGN '000</i>	<i>BGN '000</i>
Sales revenues	1 179 329	1 018 446
EBITDA	95 750	65 559
Operating profit	55 191	32 818
Net profit	53 497	17 514
CAPEX**	33 441	32 081
	30.09.2021	31.12.2020
	<i>BGN '000</i>	<i>BGN '000</i>
Non-current assets	611 319	629 935
Current assets	619 252	612 177
Owners' equity	615 325	566 595
Non-current liabilities	122 849	131 066
Current liabilities	492 397	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;
- Process validation;
- EU batch release and batch control.

Sopharma offers manufacturing of different dosage forms:

- Solid dosage forms (film-coated 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).



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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 September 2021

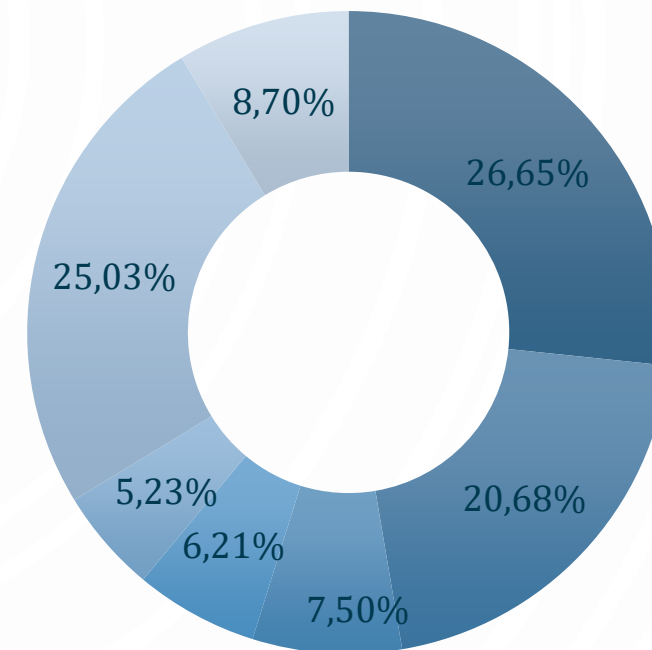


134 797 899 shares with nominal value BGN 1 per share.



Shareholder participation of the members of the Board of Directors:

- Ognian Donev – directly **3 850 063** shares, **2.86%** of capital and indirectly **35 922 743** shares, **26.65%** through “Donev Investments Holding” AD;
- Alexander Tchaoushev – **111 142** shares, **0.08%** of capital;
- Vessela Stoeva – **150** shares;
- Ivan Badinski – **350** shares;
- Bissera Lazarova – **0** 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	none

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%

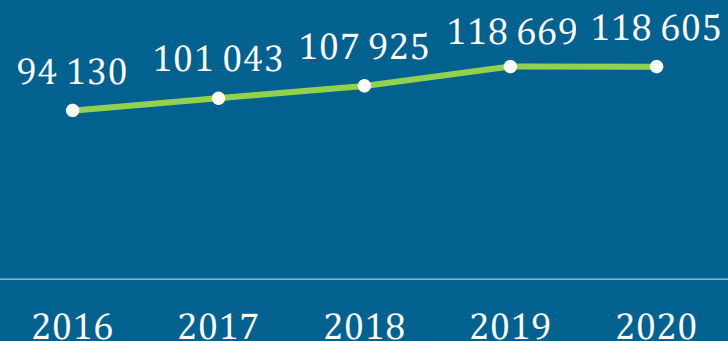


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Key markets

Republic of Bulgaria: Demography and key economic indicators

GDP (BGN million)



The 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 km²

Population

6.951 million

Member of EU

since 2007

Source: NSI 2020



Consolidated financial results for the nine months of 2021

Financial indicators of Sopharma Group

Operating revenues

- **Sales revenues of the Group**

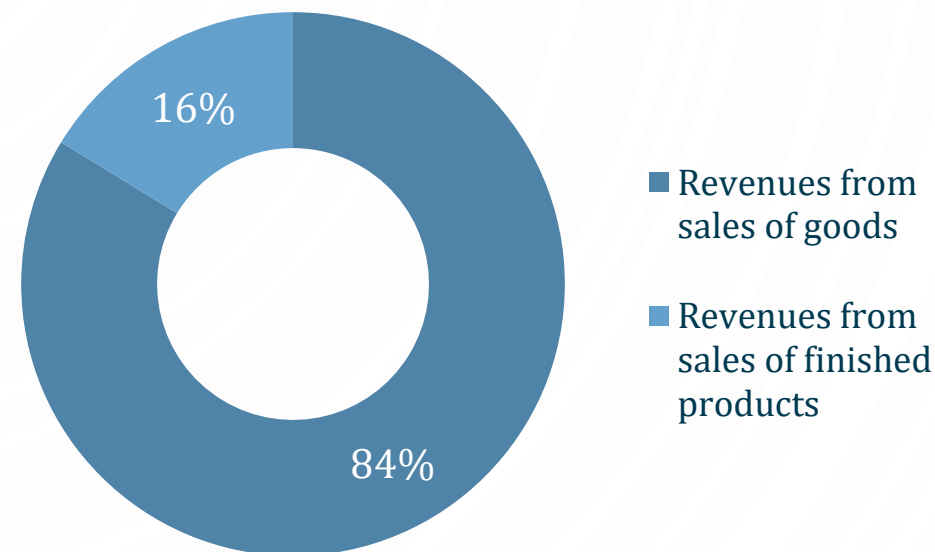
Sales revenues of the Group increased with BGN 160,9 million or 15.8%, reaching BGN 1 179,3 million in the nine months of 2021 compared to BGN 1 018,4 million in the nine months of 2020.

- **Bulgaria**

Sopharma has a 2.9% share on the Bulgarian pharmaceutical market in terms of value and a 10.9% share in terms of solid quantity -units.

- **Europe**

On a consolidated basis, for the nine months of 2021, revenue from sales of finished products in Ukraine increased by 3.4% compared to the previous period. There was an increase with 14.5% in sales of finished products in the Baltic states, Serbia by 32.2%, Vietnam by 2%, Uzbekistan by 20.3% and others. In Russia, sales of finished products decreased by 12.3% compared to the previous period. A decrease was also registered in sales of finished products in Kazakhstan by 21.6%, in Poland by 10.2%, in Belarus by 4.3%, on markets in the Caucasus region and Moldova by 4.3% and others.



Other operating revenues

- Other operating revenues** increased by BGN 2 million to BGN 9,6 million in the nine months of 2021, compared to BGN 7,6 million in the previous period, on the one hand as a result of increased revenues from services provided by BGN 0,8 million, and on the other hand as a result of registered increase in foreign exchange gains on trade receivables and payables and current accounts in the amount of BGN 1 million.



Other operating revenues	1-9/2021	1-9/2020	Change	rel. share
	BGN '000	BGN '000	%	2021
Services rendered	4 788	3 959	17%	50%
Rentals	758	675	11%	8%
Government grants	658	713	-8%	7%
(Loss)/gains on exchange differences under trade receivables and payables and current accounts	605	-397	166%	6%
Gain on sale of fixed assets	413	582	-41%	4%
Liabilities written off and provisions for liabilities released	412	92	78%	4%
Social services and events	188	199	-6%	2%
Interest on current accounts	142	126	11%	1%
Profit from sale of materials	66	123	-86%	1%
Amounts awarded in court cases	36	166	-361%	0%
Revenues from fines and penalties	2	293	-14550%	0%
Surplus assets	-	106	0%	0%
Other	1 572	962	39%	16%
Total operating revenues	9 640	7 599		100%

Operating expenses



- For the current period more significant changes are reported in personnel expenses, which increased by BGN 16 million and depreciation and amortization expenses, which increased by BGN 7,8 million. The main reason is the acquisition of new pharmacy companies at the end of the last year. The external service expenses decreased by BGN 5 million. The most significant change is in advertising and marketing services expenses, which decreased by BGN 4,4 million. There was also a decrease in other expenses by BGN 4,2 million mainly in the part scrappage of fixed assets.

Operating expenses	1-9/2021	1-9/2020	Change	rel. share of expenses in 2021	
	BGN '000	BGN '000		%	%
Materials	57 444	67 016	-17%		22%
Hired services	50 823	55 823	-10%		19%
Personnel	111 209	95 200	14%		42%
Depreciation and amortization	40 559	32 741	19%		15%
Other operating expenses	5 035	9 248	-84%		2%
Total operating expenses	265 070	260 028			100%

Financial income



Financial income and expenses in the nine months of 2021 net registered a loss of BGN 3,3 million, which is a decrease of the loss by BGN 8,8 million compared to the same period of the last year. This change is primarily the result of the net foreign exchange loss registered last year on foreign currency loans and lease agreements of BGN 5,4 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 net profit from exchange rate differences on foreign currency loans and lease agreements amounts to BGN 2,3 million.

Financial income	1-9/2021	1-9/2020	Change	relative share of income of 2021
	BGN '000	BGN '000	%	%
Interest income on loans granted	3 267	2 060	37%	52%
Net gains from exchange differences from loans denominated in foreign currencies and leases	2 271	-	-	36%
Income from share participation (dividends)	271	66	76%	4%
Net profit from exchange rate differences on receivables from securities transactions	190	-	-	3%
Interest on receivables under special contracts	152	91	40%	2%
Net profit from exchange rate differences on receivables from securities transactions	149	70	53%	2%
Interest income on bank deposits	26	16	38%	0%
Income from provided guarantees and guarantees	14	-	-	0%
Interest income on overdue trade receivables	-	1 163	-	-
Net change in the impairment adjustment for credit losses on trade receivables	-	12	-	-
Total	6 340	3 478		100%

Financial income



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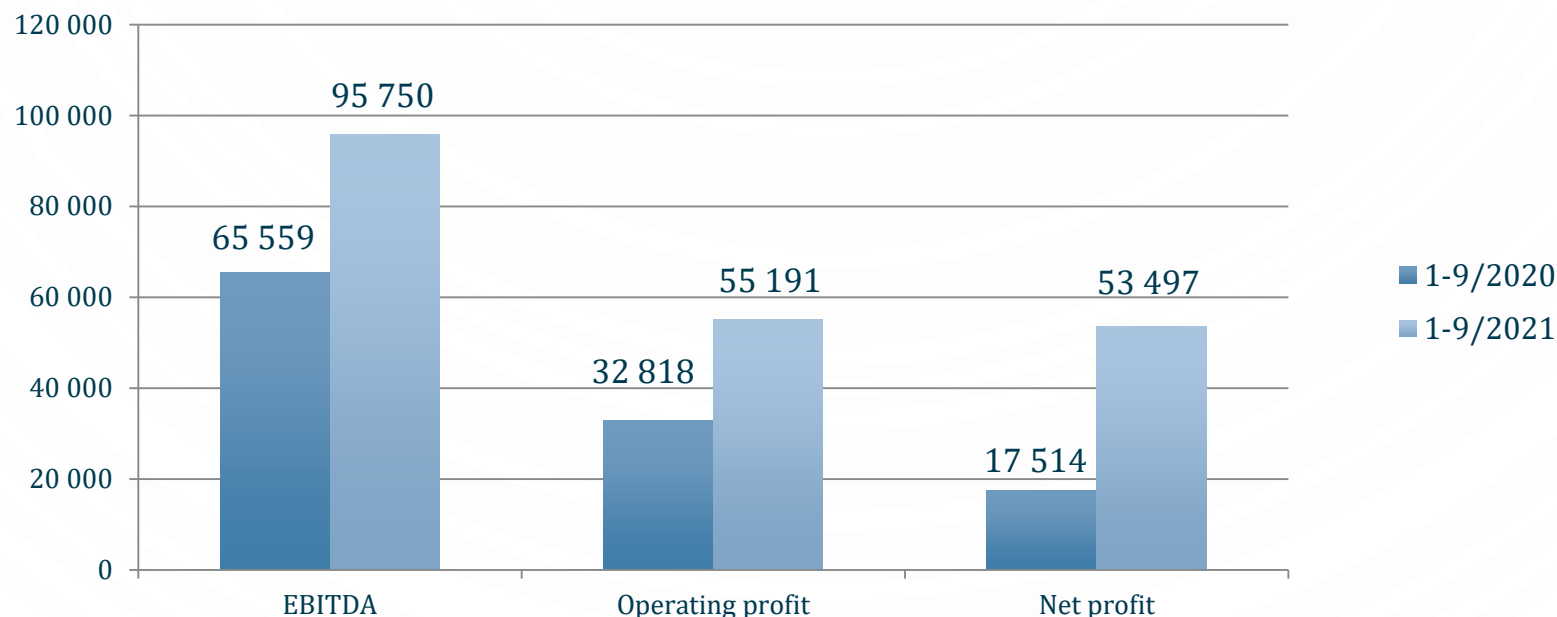
In the current period, the net profit from exchange rate differences on foreign currency loans and lease agreements amounts to BGN 2,3 million.

Financial expenses	1-9/2021	1-9/2020	Change	relative share of income of 2021
	BGN '000	BGN '000	%	%
Interest expense on loans received	6 362	764	88%	66%
Interest expense on leases	1 409	1 139	19%	15%
Bank fees and charges on loans and guarantees	827	610	26%	9%
Interest expense under factoring agreement	549	433	21%	6%
Other interest expenses	271	-	-	3%
Provision for financial guarantees	151	250	-66%	2%
Net change in the impairment adjustment for credit losses on trade receivables	62	8	87%	1%
Net loss from exchange differences from loans denominated in foreign currencies and leases	-	5 448	-	-
Deregistered capital of a company in the scope of long-term capital investments	-	25	-	-
Total	9 631	8 677		100%

Financial result



- **EBITDA** increased by BGN 30,2 million or by 46%, while in the nine months of 2021 it amounted to BGN 95,8 million compared to BGN 65.6 million in the nine months of 2020. The increased profit margin of the sold goods by 2.5% to 12.5% compared to the nine months of 2020 has a positive impact, largely due to the acquired new pharmacies in the Group at the end of last year.
- **Profit from operating activities** increased by BGN 22,4 million or by 68%, to BGN 55,2 million in the nine months of 2021 compared to BGN 32,8 million in the nine months of 2020.
- **Net profit** increased by BGN 36 million or 205% to BGN 53,5 million in the nine months of 2021 compared to BGN 17,5 million in the nine months of 2020. The reduced financial expenses as a result of losses from exchange rate differences have a positive impact, as well as the profit from associates in amount of BGN 7,8 million recorded in the current period and profit from the acquisition and disposal of shares in subsidiaries of BGN 1,2 million.



Assets

- **Non-current assets** decreased by BGN 18,6 million. The decrease is due to the written-off book value of assets on disposal of investment in subsidiaries. The acquired tangible and intangible fixed assets for the period amounted to BGN 33,4 million. Investments in associates and joint ventures increased by BGN 14,6 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 and the increased share in the associated company “Doverie-obedinen holding” AD in the amount of BGN 12,5 million.
- **Current assets** increased by BGN 7,1 million, mainly due to the increase of trade receivables with BGN 22,6 million. This was partially compensated by the decrease in inventories by BGN 13,3 million and cash by BGN 3,1 million. Receivables from related companies increase by BGN 2,6 million.

Assets	30.09.2021 BGN '000	31.12.2020 BGN '000	Change %	rel. share 2021
Non-current assets				
Property, plant and equipment	377 543	395 872	-5%	31%
Intangible assets	54 823	58 272	-6%	4%
Goodwill	13 417	13 269	1%	1%
Investment properties	10 132	11 691	-15%	1%
Investments in associated and joint ventures	77 385	62 811	19%	6%
Other long - term equity investments	14 745	14 294	3%	1%
Long-term receivables from related parties	51 277	59 726	-16%	4%
Other long-term receivables	11 815	11 951	-1%	1%
Deferred tax assets	182	2 049	-1 026%	0%
Total	611 319	629 935		50%
Current assets				
Inventories	274 270	287 569	-5%	22%
Commercial receivables	273 310	250 707	8%	22%
Receivables from related parties	9 274	6 682	28%	1%
Other short-term receivables and assets	40 206	41 926	-4%	3%
Cash and cash equivalents	22 192	25 293	-14%	2%
Total	619 252	612 177		50%
TOTAL ASSETS	1 230 571	1 242 112		100%

Owner`s equity and liabilities



- **The equity** increased by BGN 48,7 million compared to 31.12.2020 as a result of the reported net current profit.
- **The liabilities** decreased by BGN 60,3 million compared to the end of 2020.
- **Total liabilities on bank loans, leasing and factoring** of the Group decreased by BGN 84,5 million, as the net debt after deduction of cash and cash equivalents decrease with BGN 81,6 million to BGN 318,6 million. The trade liabilities increased by BGN 23,7 million compared to the end of the last year.

OWNER'S EQUITY	30.09.2021	31.12.2020	Change	rel. share compared to OE 2021
	BGN '000	BGN '000	%	%
Equity attributable to equity holders of the parent				
Share capital	134 798	134 798	0%	22%
Reserves	56 444	57 701	-2%	9%
Retained earnings	410 182	360 770	12%	67%
Non-controlling interests	13 901	13 326	4%	2%
TOTAL EQUITY	615 325	566 595		100%
LIABILITIES				rel. share compared to total liabilities 2021
Non-current liabilities				
Long-term bank loans	34 797	34 567	1%	6%
Deferred tax liabilities	6 184	7 937	-28%	1%
Long-term liabilities to related parties	8 882	8 783	1%	1%
Long-term payables to personnel	7 453	7 339	2%	1%
Lease liabilities	45 250	49 593	-10%	7%
Government grants	7 746	10 422	-35%	1%
Other non-current liabilities	12 537	12 425	1%	2%
	122 849	131 066	-7%	20%

Owner`s equity and liabilities

- **The liabilities** decreased by BGN 60,3 million compared to the end of 2020.
- **Total liabilities on bank loans, leasing and factoring** of the Group decreased by BGN 84,5 million, as the net debt after deduction of cash and cash equivalents decrease with BGN 81,6 million to BGN 318,6 million. The trade liabilities increased by BGN 23,7 million compared to the end of the last year.

Current liabilities	30.09.2021	31.12.2020	Change	rel. share compared to total liabilities 2021
	BGN`000	BGN`000	%	%
Short-term bank loans	187 948	255 281	-36%	31%
Short-term part of long-term bank loans	25 690	31 172	-21%	4%
Trade payables	188 635	164 919	13%	31%
Payables to related parties	2 610	2 367	9%	0%
Factoring agreement liabilities	30 844	36 591	-19%	5%
Short-term part of leasing liabilities	16 083	17 951	-12%	3%
Payables to personnel and social security	18 276	17 996	2%	3%
Tax payables	8 006	6 590	18%	1%
Other current liabilities	14 305	11 584	19%	2%
	492 397	544 451		80%
TOTAL LIABILITIES	615 246	675 517		100%
TOTAL OWNERS' EQUITY AND LIABILITIES	1 230 571	1 242 112		

Cash flows



- The free cash flow (normalized with the revenues from factoring and payments under leasing contracts), generated for the nine months of 2021, amounts to BGN 69,6 million inflow compared to BGN 1,1 million outflow in the nine months of 2020.

	30.09.2021	30.09.2020
	BGN '000	BGN '000
Net cash flows from operating activities	(70 441)	(141 077)
Proceeds of amounts by factoring	169 542	178 341
Purchases of property, plant and equipment, intangible assets, net	(18 686)	(24 799)
Payments under lease agreements	(15 957)	(11 363)
Free cash flow (normalized)	69 610	1 102



Consolidated financial results for the nine months of 2021

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

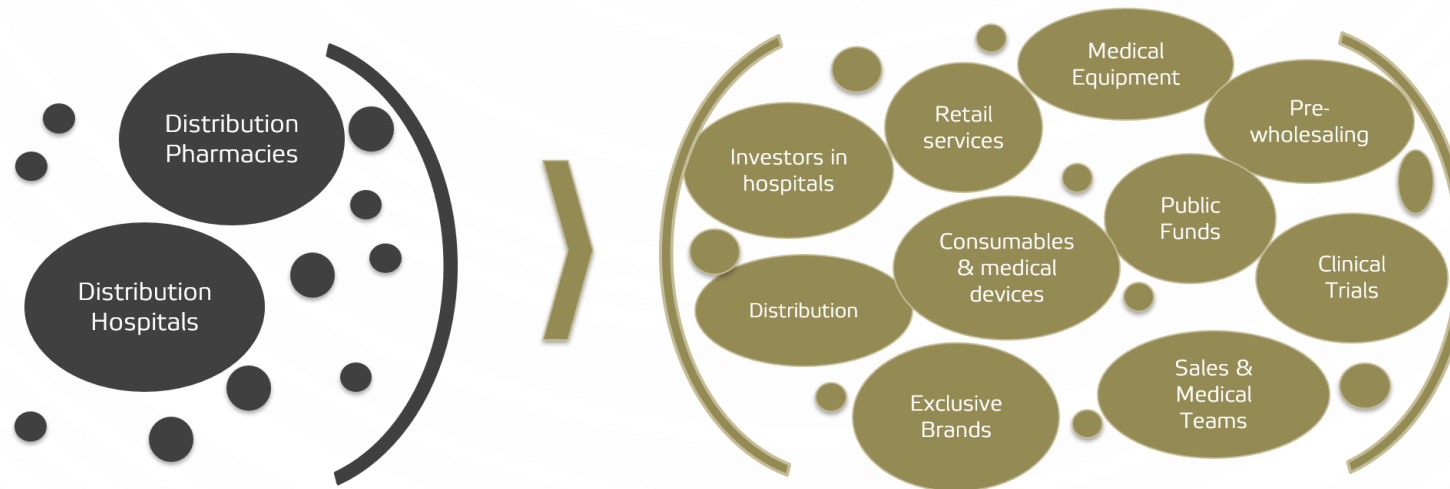


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Major subsidiaries

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**.

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	01-09/2021	01-09/2020
Revenues from sales (<i>BGN '000</i>)	708 675	638 991
Net profit (<i>BGN '000</i>)	18 344	16 125
Net profit per share	0.54	0.47
	30.09.2021	30.09.2020
Assets (<i>BGN '000</i>)	490 616	482 876
Owners' equity (<i>BGN '000</i>)	130 330	112 055
Shares (<i>BGN '000</i>)	34 276	34 276

Management and shares



BGN **34 276 050** share capital



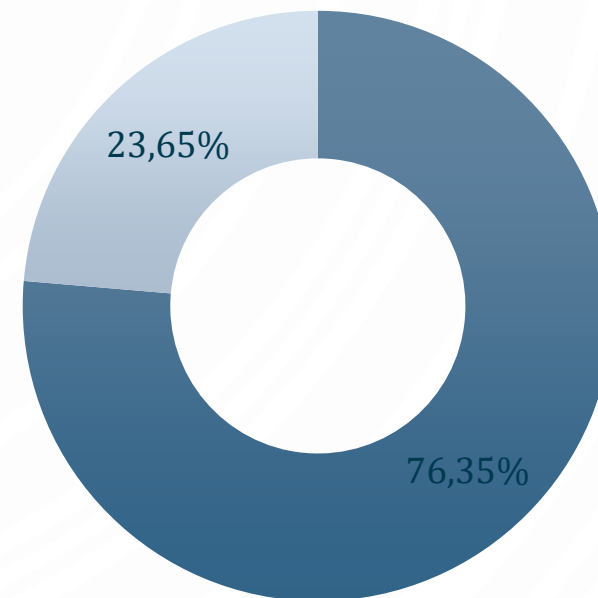
Ordinary registered shares with value of BGN 1 per share.



Shareholder participation of the members of the Board of Directors:

- Ognian Donev – Chairman and Executive Director – **644 305** shares, **1.88%** of capital.
- Dimitar Dimitrov – member of the BoD – **142 137** shares, **0.41%** of capital.
- Angel Jordanov – member of the BoD – **10** shares, **0.00%**

Shareholder structure as at 30 September 2021



■ "Sopharma" AD

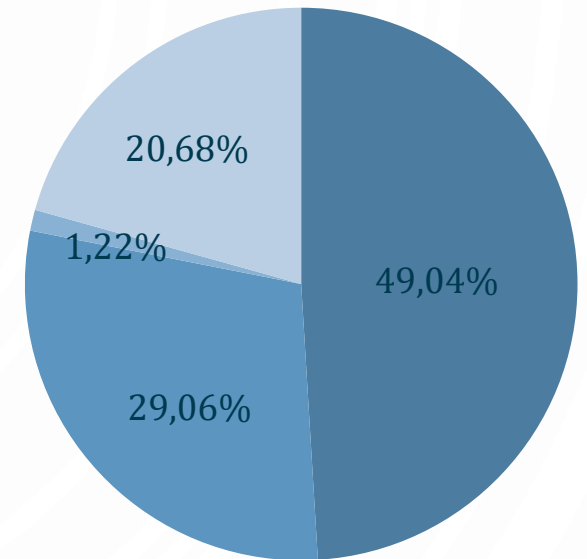
■ Physical persons, under 5%

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 of medicines “:
 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

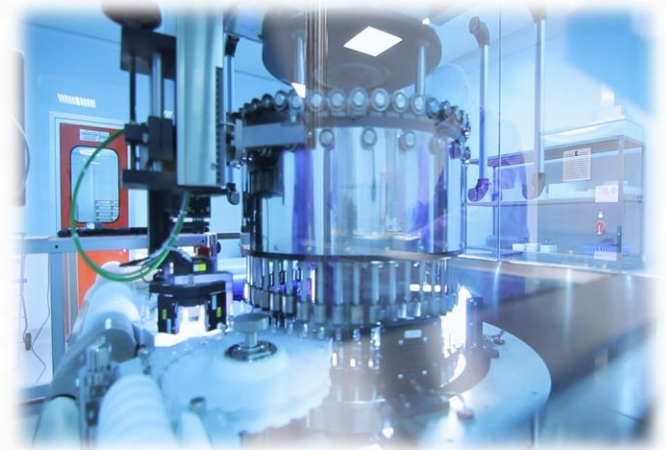


Consolidated financial results for the nine months of 2021

New products, significant events and risks

New developments and products

- Received **6** Authorizations for the use of medicinal products for new destinations.
- **6** food supplements for Bulgaria and **1** for Serbia have been notified.
- Submission of documentation for the renewal of the Marketing Authorizations for **19** medicinal products.
- Renewed Marketing Authorizations for **22** medicinal products.
- Submission of documentation for the renewal of the Marketing Authorizations for **14** medicinal products.
- **156** changes for medicinal products approved by agencies.
- **139** changes for medicinal products submitted to agencies.
- The development of **Glycerax Pico** oral drops has been completed.
- Pharmaceutical development of **4** new medicinal products / projects is underway.
- **1** active substance is being developed.
- **1** medicinal product and **2** food supplements were transferred.
- **2** production processes / technologies are 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
- At the Regular General Meeting of Shareholders of “Sopharma” AD, held on 4 June 2021, the decisions proposed by the Board of Directors on the relevant items of the agenda were adopted.
- On 3 August 2021 in accordance with Art. 25 of the Articles of Association of the Company, at its meeting the Board of Directors approves a prospectus for initial public offering of warrants with an issue price of BGN 0.28 and a total number of 44,932,633 warrants. The prospectus was submitted to the Financial Supervision Commission.
- On 1 October 2021 the Group was relieved of its participation in the subsidiary UAB Recessus, Lithuania.



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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