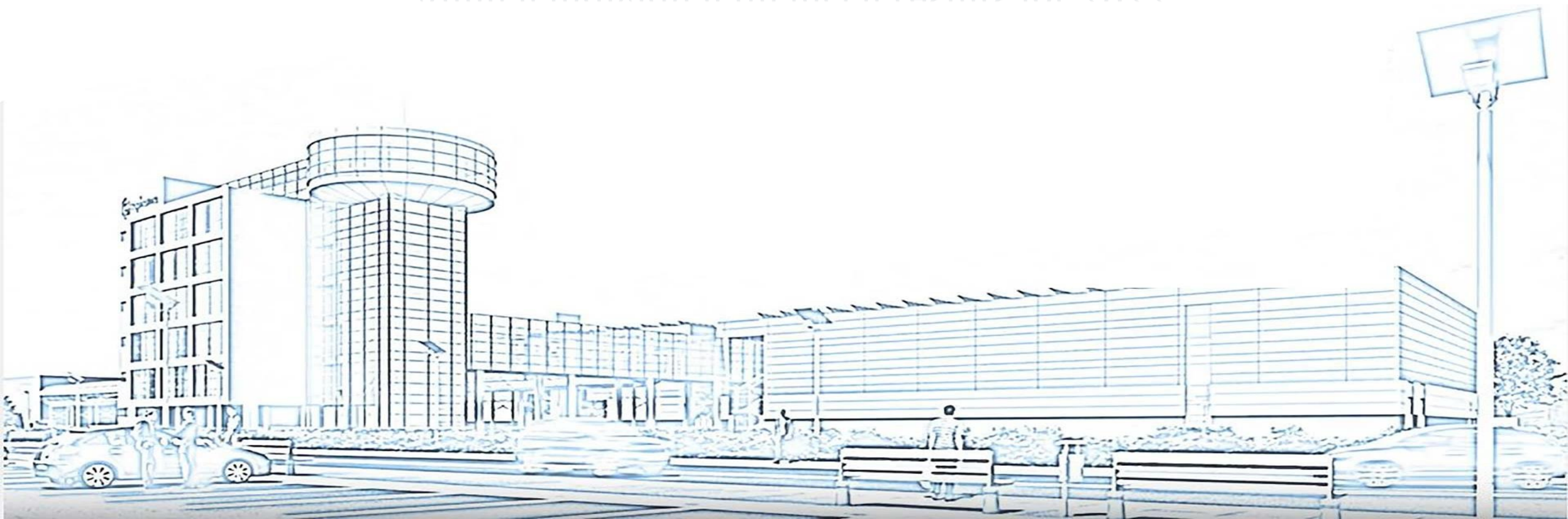


„Sopharma“ AD

Annual individual financial results for 2022





Annual individual financial results for 2022

Main information

"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.



**Bulgarian based mother company,
pharmaceutical producer**

API production

Farmer, Bulgaria
*Farming of
medicinal plants*

**Pharmaceuticals
production**

"Sopharma" AD, Bulgaria
*Self-developed products from
herbal origin, Generic
products*

**"Biopharm Engineering"
AD, Bulgaria and PAO
"Vitamini" Ukraine**
*Generic products
Veterinary products*

**Wholesale and
distribution**

**"Sopharma Trading" AD,
Bulgaria and Serbia**
*Pre-wholesaling,
wholesaling, retail*

**"BRIZ" Latvia and
Sopharma 100% owned
subsidiaries in Ukraine,
Kazakhstan, Poland and
etc.**
Wholesaling, retail

Non-pharma activities

**"Biopharm Engineering"
AD, Bulgaria**
*Veterinary products, sterile
production*

„Sopharma“ AD



**№1 manufacturer of
ampules and suppositories**



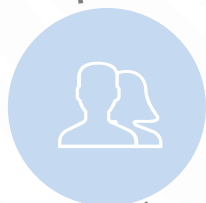
**Revenues BGN
230 658 thousand**

**More than 200
product**



**EBITDA
BGN 65 207
thousand**

**1 715
employees**



**134 797 899
shares**



**Company with established
traditions and experience**

Who are we?



API Production

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



Wholesale and distribution

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



„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



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.



Annual individual financial results for 2022

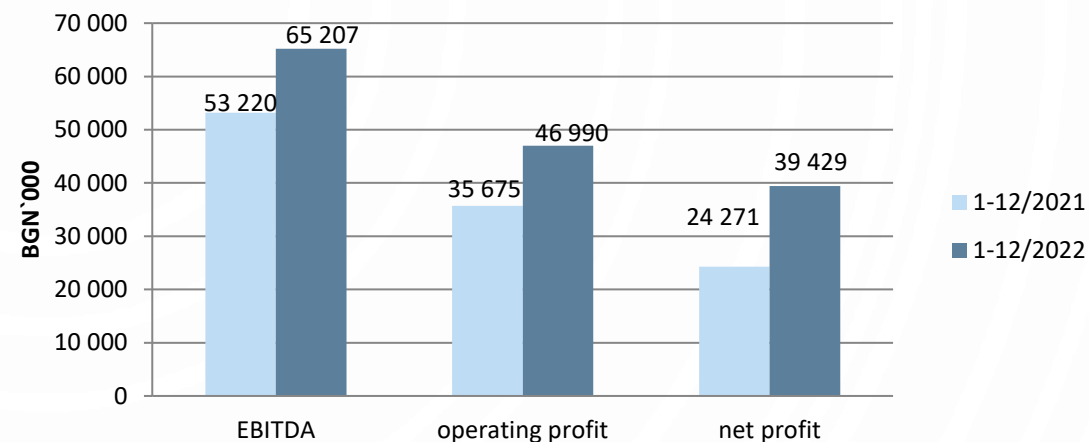
Our business

Main financial indicators

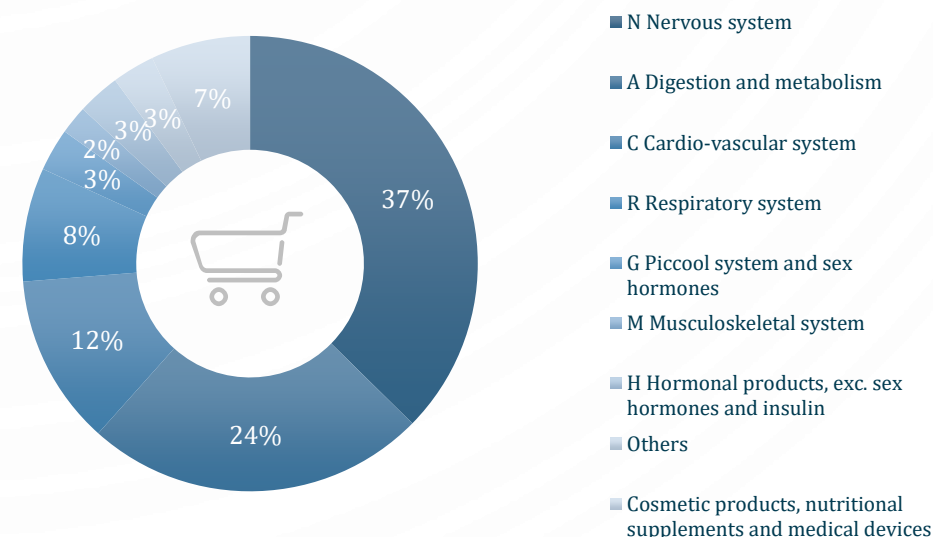


Indicators	31.12.2022 <i>BGN '000</i>	31.12.2021 <i>BGN '000</i>
Sales revenue	230 658	200 154
EBITDA	65 207	53 220
Operating profit	46 990	35 675
Net profit	39 429	24 271
CAPEX	34 464	7 755
	31.12.2022 <i>BGN '000</i>	31.12.2021 <i>BGN '000</i>
Non-current assets	506 718	456 746
Current assets	194 530	202 353
Owners' equity	600 375	564 203
Non-current liabilities	27 840	22 436
Current liabilities	73 033	72 460
	31.12.2022	31.12.2021

EBITDA/Sales revenues	28.3%	26.6%
Operating profit/Sales revenues	20.4%	17.8%
Net profit/Sales revenue	17.1%	12.1%
Borrowed capital/Owners' equity	0,17	0,17
Net debt/EBITDA on a annual basis	0,4x	0,7x



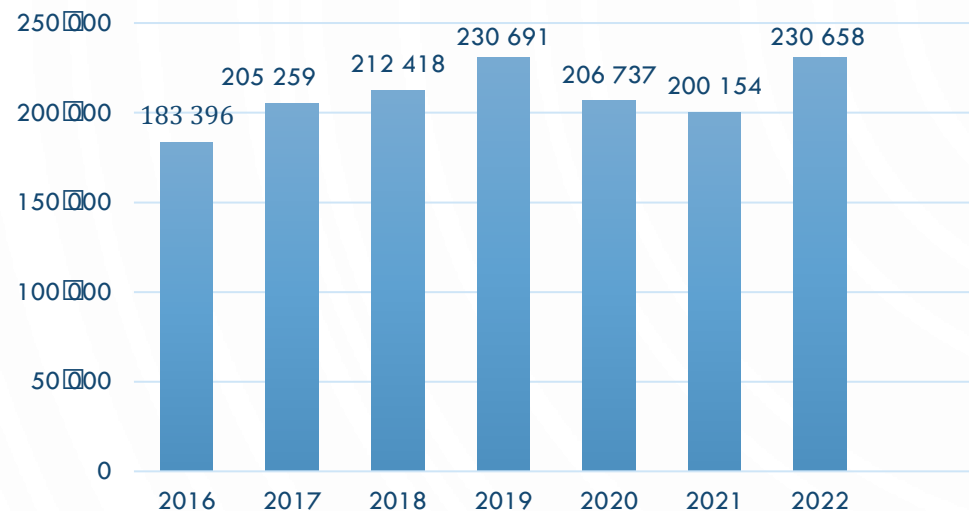
Revenue by therapeutic group



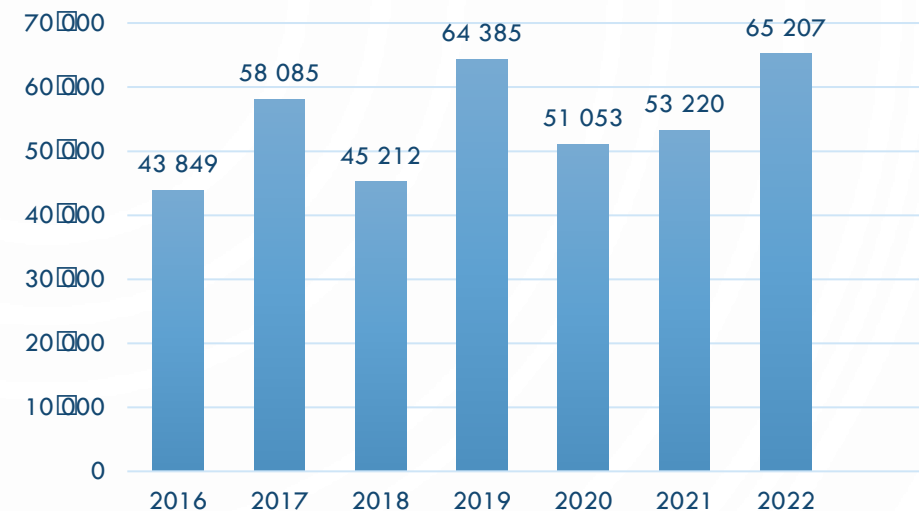
Sustainable financial performance



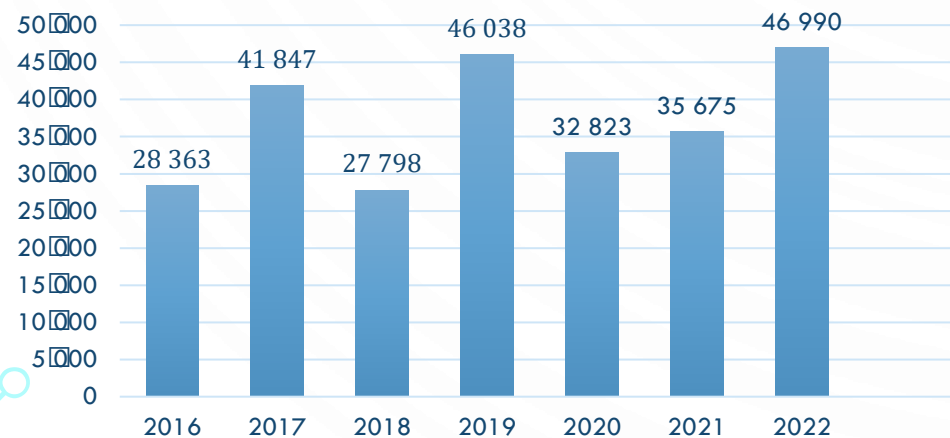
Sales revenue



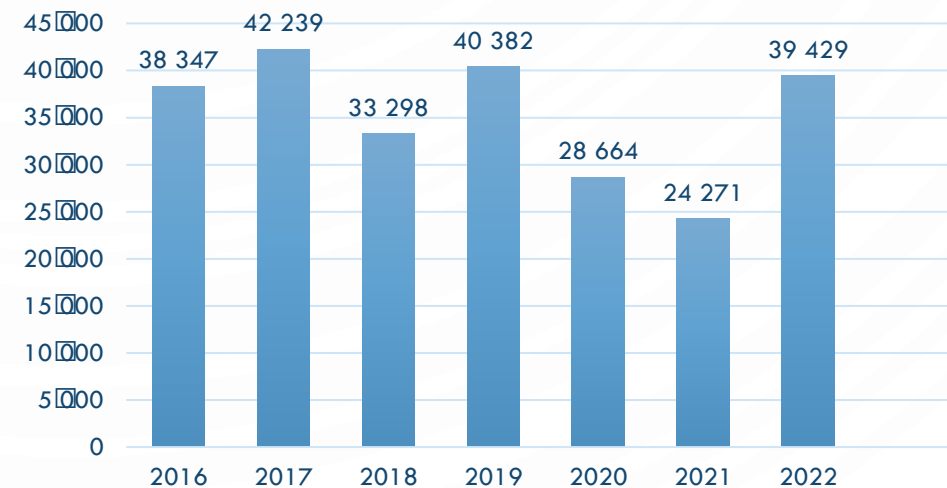
EBITDA



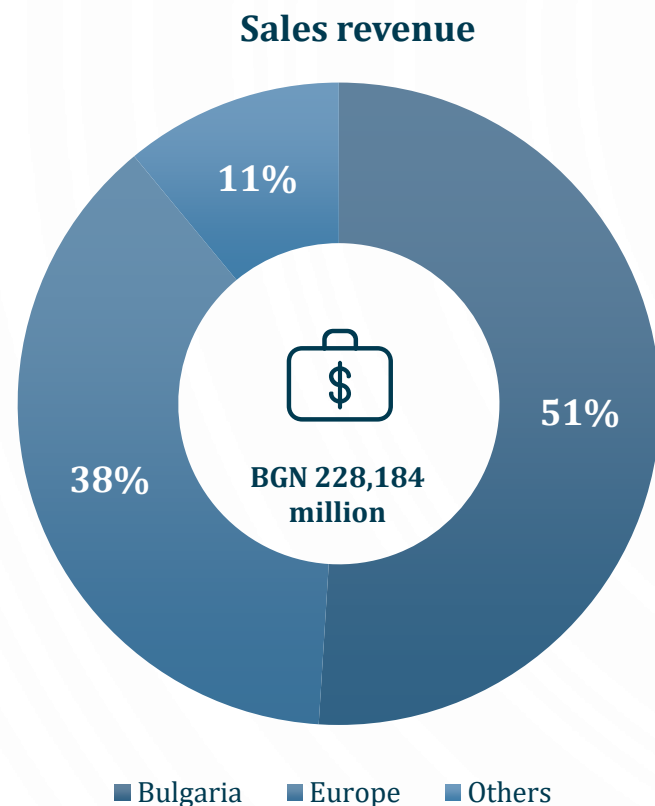
Operating profit



Net profit



"Sopharma" AD



9 manufacturing facilities.



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



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



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.



Annual individual financial results for 2022

Production activity: “Sopharma” AD

“Sopharma” AD as a contract manufacturer:

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.



Annual individual financial results for 2022

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.

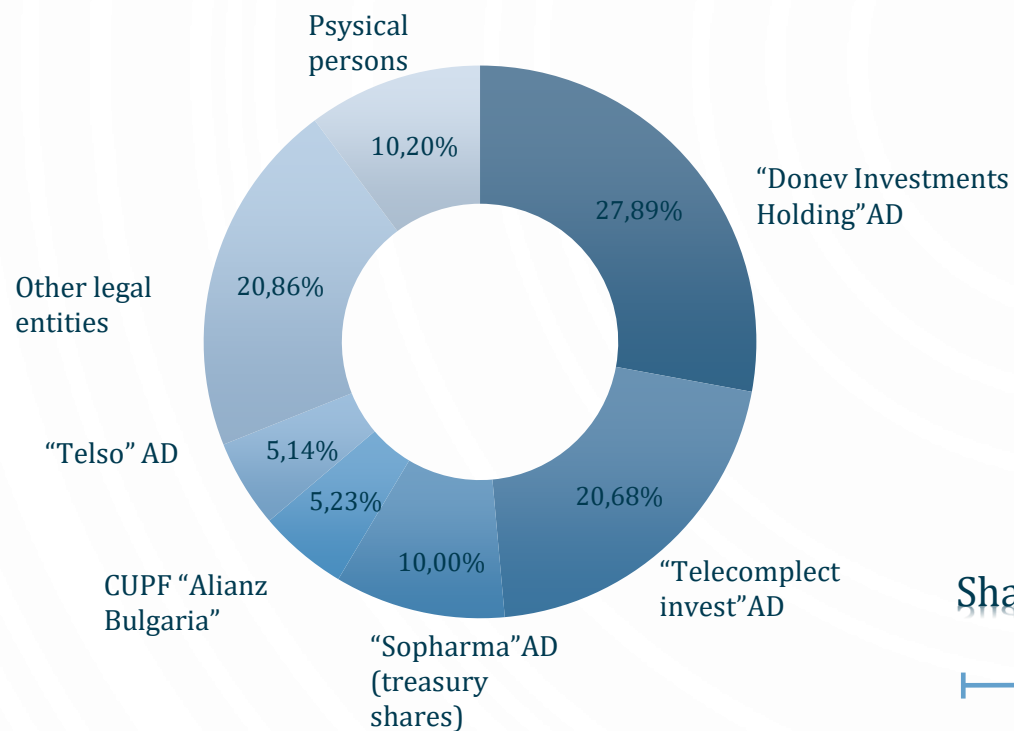


Alexandar Tchaoushev
Independent Member of the BoD

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

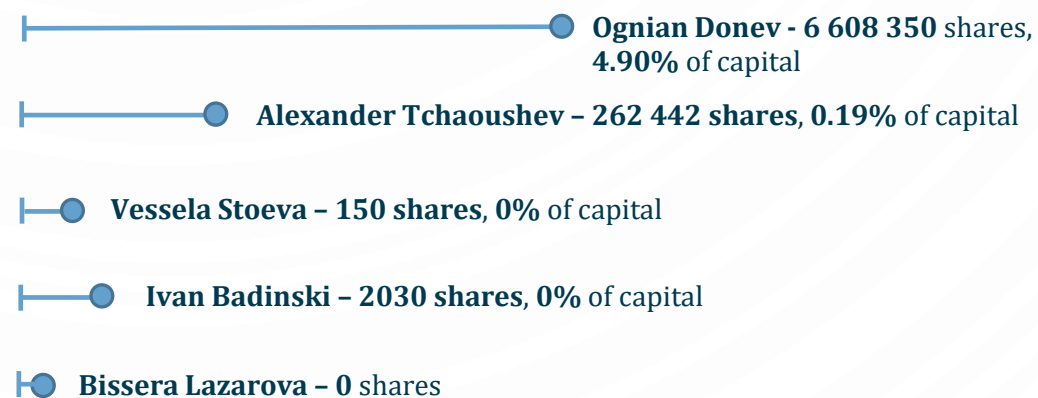
Mr. Chaushev is a member of the Board of Directors of "Sopharma" AD since 2011.

Shareholder structure at 31 December 2022



In 2022, Sopharma AD acquired 13 479 188 treasury shares.

Shares of the Board of Directors as of 31 December 2022



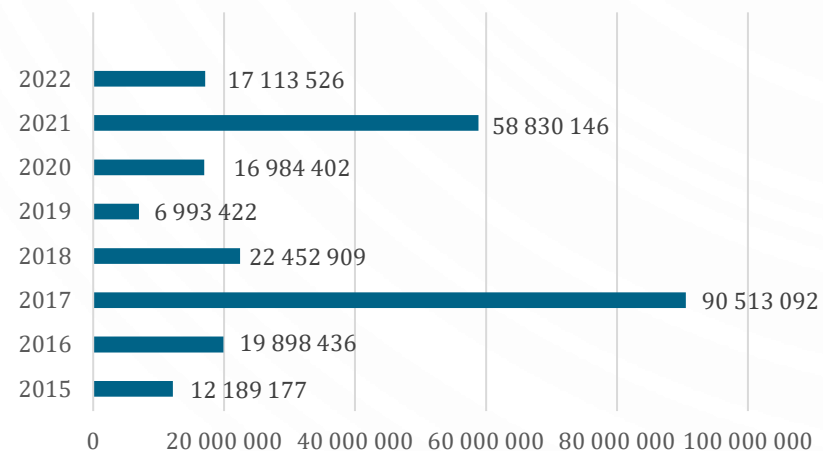
Shares of "Sopharma" AD



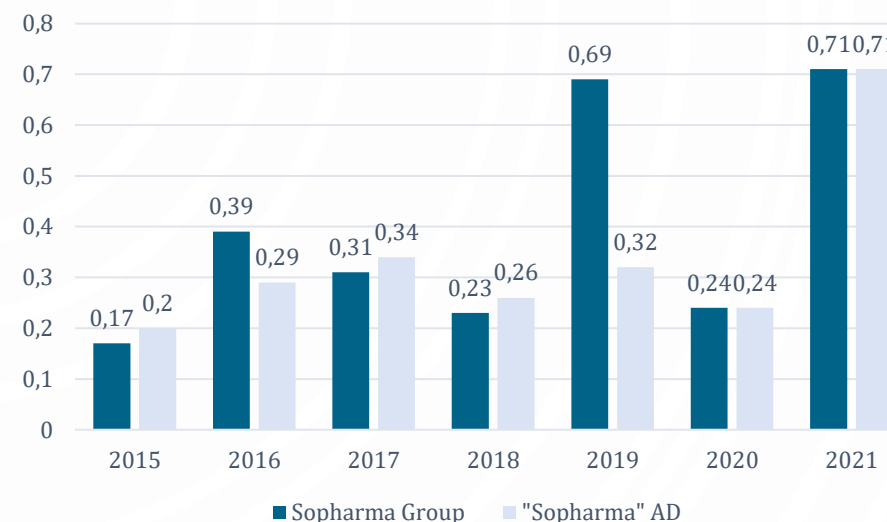
Price of the shares

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
2022	BGN 4.62	BGN 4.30

Volume of traded shares for 2022



Income 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.

Dividends

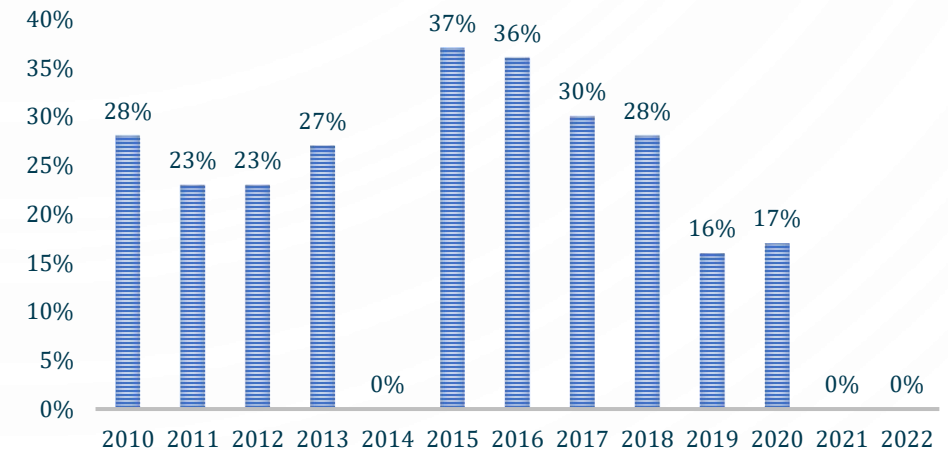


Dividend for 1 share in BGN

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
2022	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





Annual individual financial results for 2022

Main markets

Republic of Bulgaria: Demography and key economic indicators

GDP (BGN million)



* Preliminary data

Preliminary data show a increase of GDP for 2022 in real terms by 3.4% compared to 2021.

GDP per capita

BGN 19.770 (€ 10108.24)

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 km²

Population

6.951 million

Member of EU

since 2007

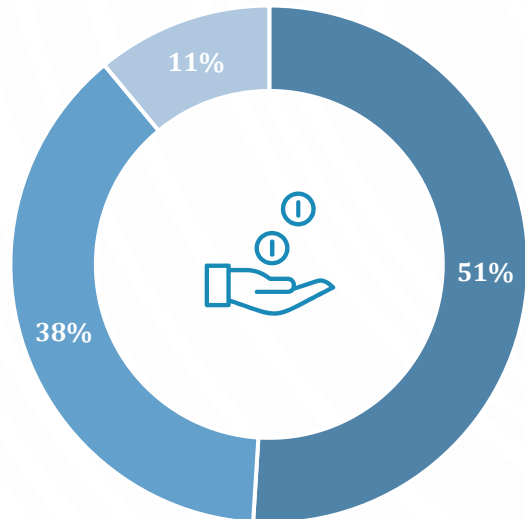
Source: NSI 2021

Revenues from sales of products



Revenues from contracts with customers are from sales of manufactured medicinal products and in 2022 increase by BGN 30,4 million, to BGN 228,2 million, compared to BGN 197,8 million in 2021.

Sales revenue



■ Europe ■ Bulgaria ■ Others



Sales revenues for 2022 for **European countries** increased by BGN 16,4 million or 16.3 % compared to 2021.

Sales of “Sopharma” AD in the **domestic market** increase by BGN 7,7 million or by 9.7% to BGN 86,8 million, compared to BGN 79,1 million in 2021.

Revenues from **other markets** increased with BGN 6,2 million or 34.7 % compared to 2021.



The company maintains its market share and, according to IQVIA data, by the end of 2022 it occupies **2.48%** (tenth position) of the total volume of the Bulgarian pharmaceutical market in terms of value and **9.46%** (first position) of sales in kind terms.

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



Annual individual financial results for 2022

Financial indicators of “Sopharma” AD

Operating expenses



- For the current period more significant changes are reported in the expenses for materials, mainly in relation to basic materials for production, which increased by BGN 10,6 million, which is related to both the increase in sales during the period and the increase in the prices of materials and substances.
- Personnel costs increased by BGN 6,4 million.
- The largest change was recorded in the costs of services for manufacturing medicines and in the costs of consulting services, both of which decreased with BGN 0,5 million each.
- An increase in the amount of BGN 7,7 million is also reported in the other operating expenses, mainly as a result of accrued impairments on receivables, net, in the amount of BGN 6,6 million.

Operating expenses	1-12/2022	1-12/2021	Change	Rel. share of expenses 2022
	BGN '000	BGN '000	%	%
Changes in inventories of production and work in progress	3 408	10 547	-209%	4%
Raw materials and consumables used	39 687	30 457	23%	42%
Hired services expense	14 815	36 438	-146%	16%
Employee benefits expense	26 762	49 804	-86%	28%
Depreciation and amortisation expense	8 877	8 796	1%	9%
Other operating expenses	907	8 892	-880%	1%
Total operating expenses	94 456	144 934		100%

Financial income and expenses

Financial income decreases by BGN 3,7 million to BGN 4,9 million in 2022 mainly due to the recovered impairment for credit losses on commercial loans granted in the previous period in the amount of BGN 3,4 million.

Financial income	1-12/2022	1-12/2021	change	resp. revenue share for 2022
	BGN '000	BGN '000	%	%
Income from interest on granted loans	2 567	2 505	2%	55%
Income from equity participation	1 520	682	55%	32%
Income from fees for provided guarantees	462	442	4%	10%
Net foreign exchange gain on receivable from sale of subsidiary	214	266	-24%	5%
Interest income on assignment contracts	71	-	100%	1%
<i>Reimbursed impairment for credit losses under provided guarantees</i>	59	-	100%	1%
<i>Impairment for credit losses on receivables under provided guarantees</i>	(2)	-	100%	0%
Net change in impairment on guarantees provided	57	-	100%	1%
Net gain from exchange differences on lease contracts	10	-	0%	0%
Reversal of impairment for credit losses on dividend receivables	-	1 293	0%	0%
<i>Impairment for credit losses on commercial loan receivables</i>	-	(6)	0%	0%
<i>Recovered impairment for credit losses on commercial loans granted</i>	-	3 433	0%	0%
Net change in impairment on granted loans	-	3 427	0%	0%
Total	4 901	8 615		100%

Financial income and expenses

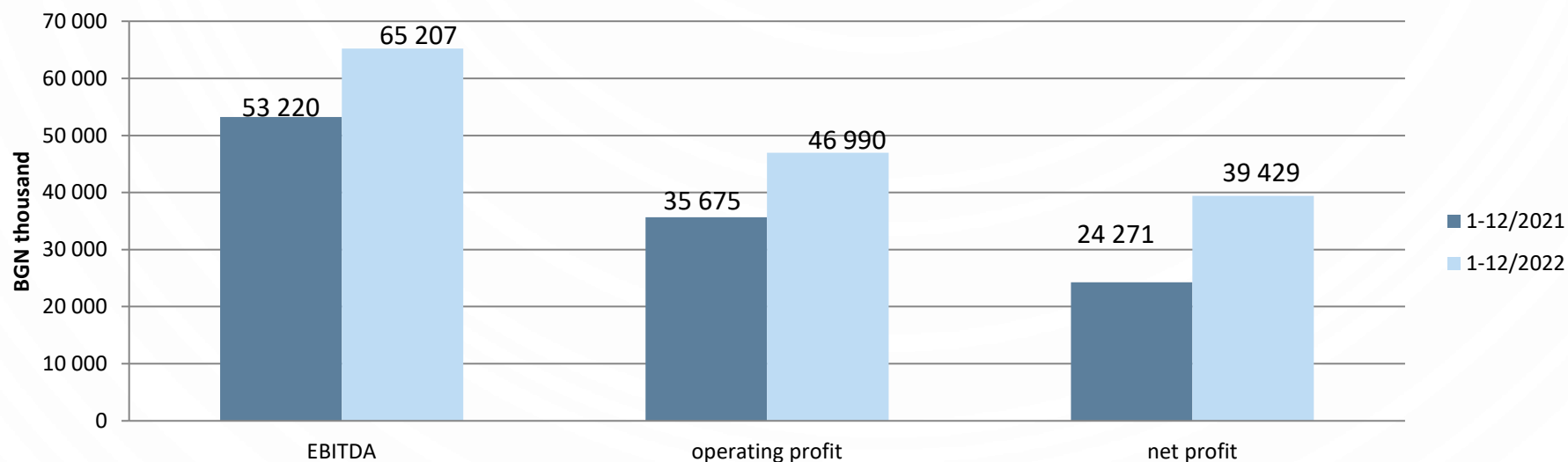
Financial expenses increase by BGN 2,1 million to BGN 3,7 million in 2022, the main reason being the impairment charge of BGN 1,4 million on loans granted and an increase of BGN 1,1 a million of net provision on financial guarantees.

Financial expenses	1-12/2022	1-12/2021	change %	relative cost share for 2022
<i>Impairment for credit losses on commercial loan receivables</i>	1 368	-	100%	22%
<i>Recovered impairment for credit losses on commercial loans granted</i>	(3)	-	100%	0%
Net change in impairment on granted loans	1 365	-	100%	22%
<i>Accrued provision for financial guarantees</i>	1 316	312		
<i>Reimbursed provision for financial guarantees</i>	(24)	(73)	-204%	0%
Net provision for financial guarantees	1 292	239	82%	20%
Bank fees on loans and guarantees	475	410	14%	8%
Interest expense on loans received	406	755	-86%	6%
Lease interest expense	116	116	0%	2%
Impairment for credit losses on fees for provided	-	59	100%	22%
Net loss from exchange differences on lease contracts	-	10	0%	0%
Total	3 654	1 589		100%

Financial result of the activity



- **EBITDA** in 2022 increased by BGN 12 million, or by 22.5%, to BGN 65,2 million, compared to BGN 53,2 million in 2021.
- **Profit from operating activities** in 2022 increases by BGN 11,3 million or by 31.7%, to BGN 47 million, compared to BGN 35,7 million in 2021.
- **Net profit** in 2022 increases by BGN 15,2 million, or 62.5%, to BGN 39,4 million compared to BGN 24,2 million in 2021.



Assets

- **Non-current assets** compared to the end of 2021 have increased by BGN 50 million to BGN 506,7 million, the most significant being the change in long-term receivables from related parties, investments in subsidiaries and associated companies, which increased by BGN 17,8 million, BGN 9,6 million and with BGN 14,9 million, respectively.
- **Current assets** decreased by BGN 7,8 million to BGN 194,5 million, with a decrease in receivables from related enterprises amounting to BGN 13 million, trade receivables by BGN 8,5 million and of cash in the amount of BGN 10,9 million. Inventories increase by BGN 19,4 million.

Assets	31.12.2022 BGN '000	31.12.2021 BGN '000	Change %	Rel. share 2022
Non-current assets				
Property, plant and equipment	217 894	205 090	6%	31%
Intangible assets	4 247	4 324	-2%	1%
Investment property	49 267	47 302	4%	7%
Investments in subsidiaries	90 235	80 598	11%	13%
Investments in associates and joint ventures	69 372	54 485	21%	10%
Other long-term equity investments	4 706	5 706	-21%	1%
Long-term receivables from related parties	67 471	49 695	26%	10%
Other long-term receivables	3 526	9 546	-171%	1%
	506 718	456 746		72%
Current assets				
Inventories	82 618	63 222	23%	12%
Receivables from related parties	74 682	87 706	-17%	11%
Trade receivables	18 095	26 631	-47%	3%
Loans granted to third parties	8 317	1 804	78%	1%
Other receivables and prepayments	6 057	7 372	-22%	1%
Cash and cash equivalents	4 761	15 618	-228%	1%
	194 530	202 353		28%
TOTAL ASSETS	701 248	659 099	6%	100%

Owner's equity and liabilities



- **The equity of “Sopharma” AD** increased by BGN 36,2 million to BGN 600,4 million, as a result of the profit recorded in the current year.

EQUITY	31.12.2022 BGN '000	31.12.2021 BGN '000	Change	rel. share compared to OE 2022
Share capital	134 798	134 798	0%	22%
Treasury shares	(52 203)	(50 284)	4%	-9%
Reserves	461 449	439 040	5%	77%
Other capital components	12 488	12 512	0%	2%
Retained earnings	43 843	28 137	36%	9%
Total equity	600 375	564 203	6%	100%

- **Non-current liabilities** increase by BGN 5,4 million to BGN 27,8 million, as a result of an increase in liabilities under long -term lease contracts with related parties in the amount of BGN 14,7 million.
- **Current liabilities** increase by BGN 0,6 million to BGN 73 million as a result of the increase of trade payable by BGN 27,4 million, which is due to the received advances for the sale of finished products, which increased by BGN 22,4 million.

LIABILITIES	31.12.2022 BGN '000	31.12.2021 BGN '000	Change	rel. share compared to total liabilities 2022
Non-current liabilities				
Long-term bank loans	-	6 750	-35%	5%
Deferred tax liabilities	4 728	6 389	-12%	4%
Government grants	3 587	4 007	100%	15%
Liabilities under leasing contracts to related enterprises	14 739	-		
Liabilities under leasing contracts to third parties	594	496	16%	1%
Long-term liabilities to staff	4 192	4 794	-14%	4%
	27 840	22 436	19%	28%

Текущи задължения				
Краткосрочни банкови заеми	11 734	46 663	-298%	12%
Търговски задължения	40 031	12 671	68%	40%
Задължения към свързани предприятия	2 632	1 609	39%	3%
Задължения за данъци	885	700	21%	1%
Задължения към персонала и за социално осигуряване	9 410	8 034	15%	9%
Други текущи задължения	8 341	2 783	67%	8%
	73 033	72 460	1%	72%
ОБЩО ПАСИВИ	100 873	94 896	6%	100%
ОБЩО СОБСТВЕН КАПИТАЛ И ПАСИВИ	701 248	659 099	6%	



Individual 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 January – December 2022:

- **4** food supplements have been notified for Bulgaria.
- **4** Cosmetic products are registered

- Pharmaceutical development of **13** new medicinal products / projects is underway.



- Documentation has been submitted for the registration of **10** medicinal products to agencies of new destinations.
- Documentation for registration of **13** medicinal products has been submitted.



- Renewed Marketing Authorizations for **48** medicinal products.
- Submitted documentation for renewal of Marketing Authorizations for **70** medicinal products to agencies.
- Agency-approved **301** changes to medicinal products;
- **261** changes for medicinal products submitted to agencies.



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

Review the main risks



Business risk

The Company faces significant competition.

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

The company is subject to regulatory approvals.



Currency risk

The Company supplies some of its main raw materials and materials in US dollars. Currency risk is related to the negative movement of the US dollar exchange rate against the Bulgarian lev in future business operations, on recognized foreign exchange assets and liabilities and on net investments in foreign companies. To control the currency risk, there is a system of planning the supply of imports, for sales in foreign currency, and others.



Risks related to other markets

Macroeconomic environment, especially in Bulgaria, Russia and Ukraine, has a significant effect on the Company's operations.

The political situation in Bulgaria and in the export markets of the Company, in particular Russia and Ukraine, has a significant effect on the operations of the Company and its financial condition.

Risks related to exchange rates and the current 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
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maximum
vitality
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