

“Sopharma” AD

Individual annual financial results for 2020





Individual annual financial results for 2020

Who are we?

"Sopharma" AD

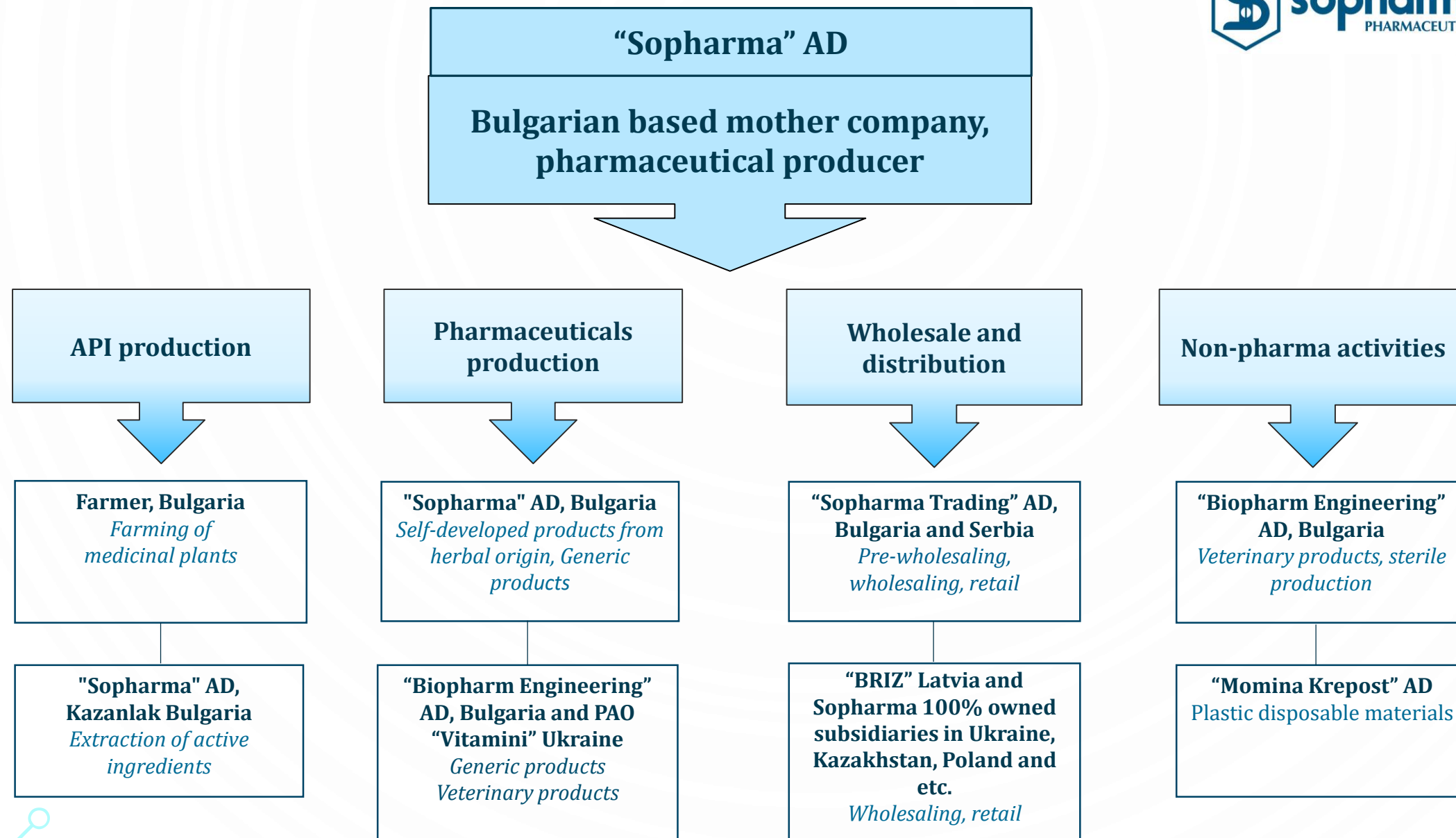


"Sopharma" AD is a leading, **vertically-integrated** Bulgarian **manufacturer**, exporter and **distributor** of pharmaceutical and other health related products with a strong presence in **Southern and Eastern Europe**, offering a wide range of prescription and OTC pharmaceutical products and other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

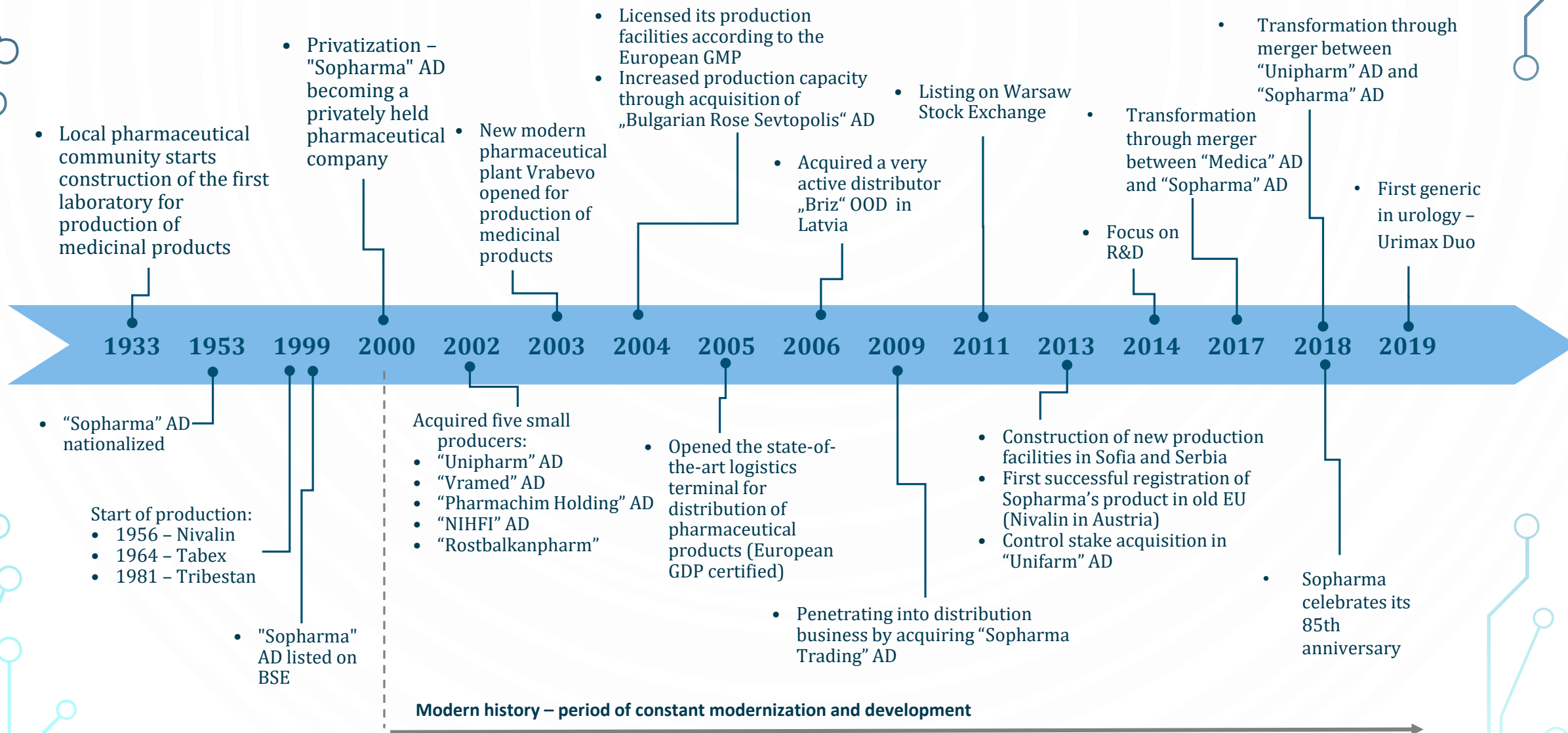


The Company works in the following areas:

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



Brief history and key milestones





Individual annual financial results for 2020

Our business

"Sopharma" AD



Established in 1933



**№1 manufacturer of
ampules and suppositories**



**More than 200
products**



**9
manufacturing plants**



**Company with established
traditions and experience**



**employees
1 991**



**Revenues
BGN 206 737
thousand**



**EBITDA
BGN 51 053
thousand**



**134 797 899
shares**

Key financial indicators



Sales revenues decrease with 10.38%



EBITDA decreases with 20.71%



Operating profit decreases with 28.7%



Net profit decreases with 29.02%



Capex decreases with 5.3%

Indicators	1-12/2020	1-12/2019
	<i>BGN '000</i>	<i>BGN '000</i>
Sales revenues	206 737	230 691
EBITDA	51 053	64 385
Operating profit	32 823	46 038
Net profit	28 664	40 382
CAPEX**	9 670	10 211
	31.12.2020	31.12.2019
	<i>BGN '000</i>	<i>BGN '000</i>
Non-current assets	435 891	477 027
Current assets	214 447	201 738
Owners' equity	536 988	522 644
Non-current liabilities	16 091	20 667
Current liabilities	97 259	135 454
	1-12/2020	1-12/2019
EBITDA / Revenues	24.7%	27.9%
Operating profit/ Sales revenue	15.9%	20.0%
Net profit/ Sales revenue	13.9%	17.5%
	31.12.2020	31.12.2019
Debt/Owners' equity	0,21	0,28
Net debt*/ EBITDA	1,5x	1,7x



Individual annual financial results for 2020

Production activity: "Sopharma" AD

Production activity – "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.
Broncholitín	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.

“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).

Ecology and environmental protection

The company applies measures to:

- separate collection of waste, minimization, recovery and recycling of production and household waste;
- provide appropriate personnel training on environmental and pollution prevention issues;
- responsibly fulfill the imperative requirements of the Packaging and Waste Ordinance and pays its product tax in accordance with Regulation for Packaging and Wastage from Packaging;
- measure annual emissions of waste gases into the ambient air from the Solid Form Factory;
- once every two years, own periodic measurements (STI) of waste gases in the atmospheric air are carried out at the Steam Power Plant Installation at sites "A" and "B". Emissions are measured and reported in 2020, Sofiyska Voda measures on a monthly basis emissions in wastewater at production sites A and B.
- every quarter the drinking water from the production plants is given for testing (short chemical and microbiological analysis) in an accredited laboratory;
- twice a year the groundwater and wastewater are given for testing in an accredited laboratory according to the permits for water abstraction and for use of surface water body.

In 2020 the separately collected waste was increased by 40% compared to the previous year.



Personnel



1 991

workers and
employees.

- In 2020, the average number of employees of “Sopharma” AD is 1 991 (compared to 2 275 in 2019).

	31.12.2020	Rel. Share %
Number of employees as at 31.12.2020	1 984	100%
Higher education	891	45%
College education	41	2%
Secondary education	1 024	52%
Primary education	28	1%
Employees up to 30 years	184	9%
Employees 31 - 40 years	360	18%
Employees 41 - 50 years	574	29%
Employees 51 - 60 years	679	34%
Employees over 60 years	187	9%
Women	1 240	63%
Men	744	37%



Individual annual financial results for 2020

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 December 2020

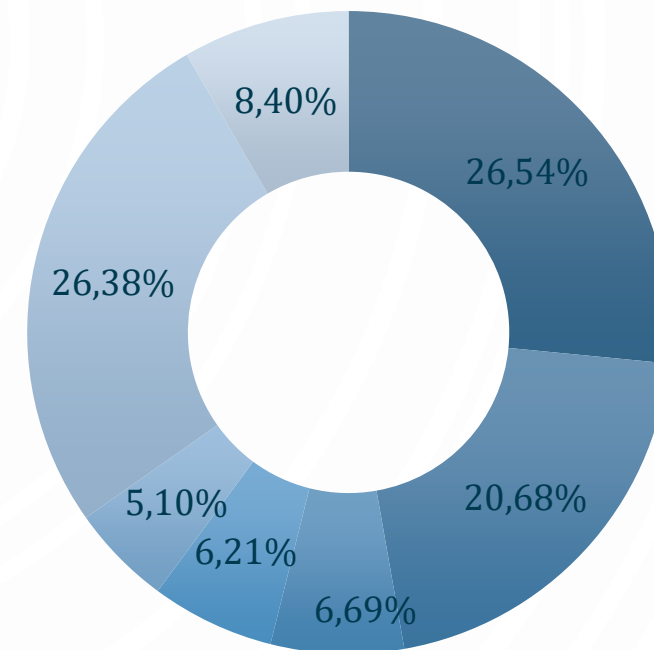


134 797 899 shares with nominal value BGN 1 per share.



Shareholder participation of the members of the Board of Directors:

- Ognian Donev – directly **3 038 940** shares, **2.25%** of capital and indirectly **35 779 516** 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.



Key indicators of the shares of "Sopharma" AD	31.12.2020	31.12.2019
Total number of issued shares	134 797 899	134 797 899
Average-weighted number of outstanding shares for the last four quarters	125 754 274	125 896 515
Number of shares outstanding at the end of the period	125 786 432	125 684 432
Net earnings per share in BGN ¹	0,228	0,321
Price per share at the end of the period in BGN	3,194	3,406
Price/Earnings ratio (P/E)	14,01	10,61
Book value per share in BGN ²	4,269	4,158
Price/Book value ratio (P/B)	0,75	0,82
Market capitalization at the end of the period in BGN	430 544 489	459 121 644

1 Net profit for the last four quarters belonging to the owners of the Company's equity / weighted average number of outstanding shares for the same period

2 Equity other than minority interest / number of outstanding shares at the end of the period

3 Sales revenue for the last four quarters / number of outstanding shares at the end of the period

Information on the acquisition of own shares



- In the current year 151 748 shares were purchased and 253 748 shares were sold.
- The treasury shares purchased during the year amount to 0.11% of the Company's share capital and the average acquisition price is BGN 3,04 per share.
- “Sopharma” AD holds 9 011 467 own shares, representing 6.69% of the Company's capital.

	Shares		Equity, net of treasury shares
	Number		BGN '000
Balance at 1 January 2020	125,684,432		100,656
Sold back Treasury shares	253,748		949
Treasury shares repurchased	(151,748)		(461)
Expense on treasury shares	-		(2)
Balance at 31 December 2020	125,786,432		101,142

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.

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

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%



Individual annual financial results for 2020

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 km²

Population

6.951 million

Member of EU

since 2007

Source: NSI 2020

Sales revenues from products

- **Sales revenues from products** in 2020 decreased by BGN 24,4 million or by 11% to BGN 204,5 million compared to BGN 228,9 million in 2019.

- **Europe**

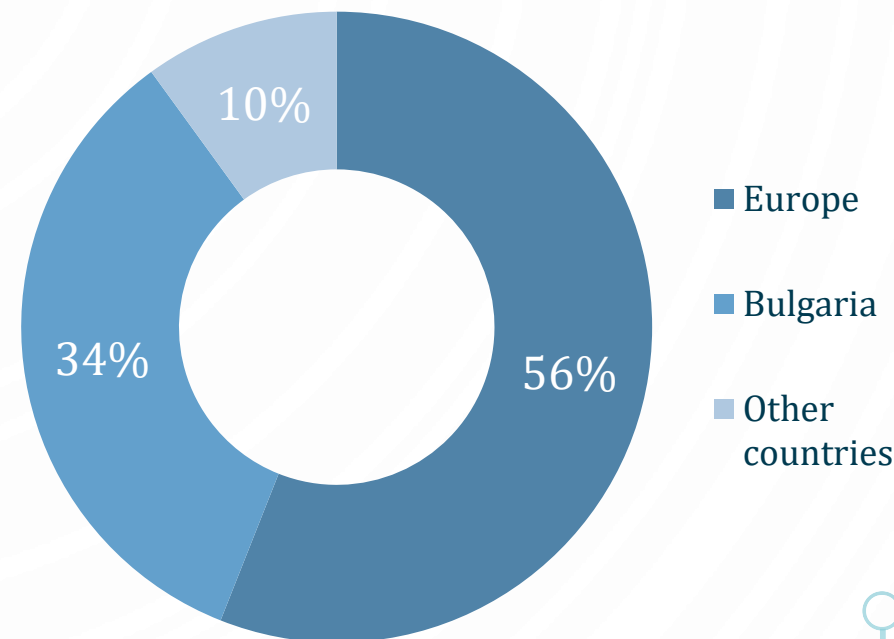
Sales revenues for European countries decreased by 3% compared to 2019, mainly due to the decrease of sales in Russia with 21%. There is also a decrease in revenues from the Balkan countries, Moldova, Poland. Revenues from Ukraine increased by 40%. There is also an increase in revenues from Belarus and the Baltics.

- **Bulgaria**

Sales of “Sopharma” AD in the domestic market decreased by BGN 22,2 million or by 24% to BGN 69,4 million in 2020 compared to BGN 91,6 million in 2019. The decrease is due to the accumulated higher levels of finished products in the main distributor at the beginning of the reporting period.

- **Other markets**

Revenues from other markets increased with 9% compared to 2019, mainly as a result of an increase of the export for Vietnam.

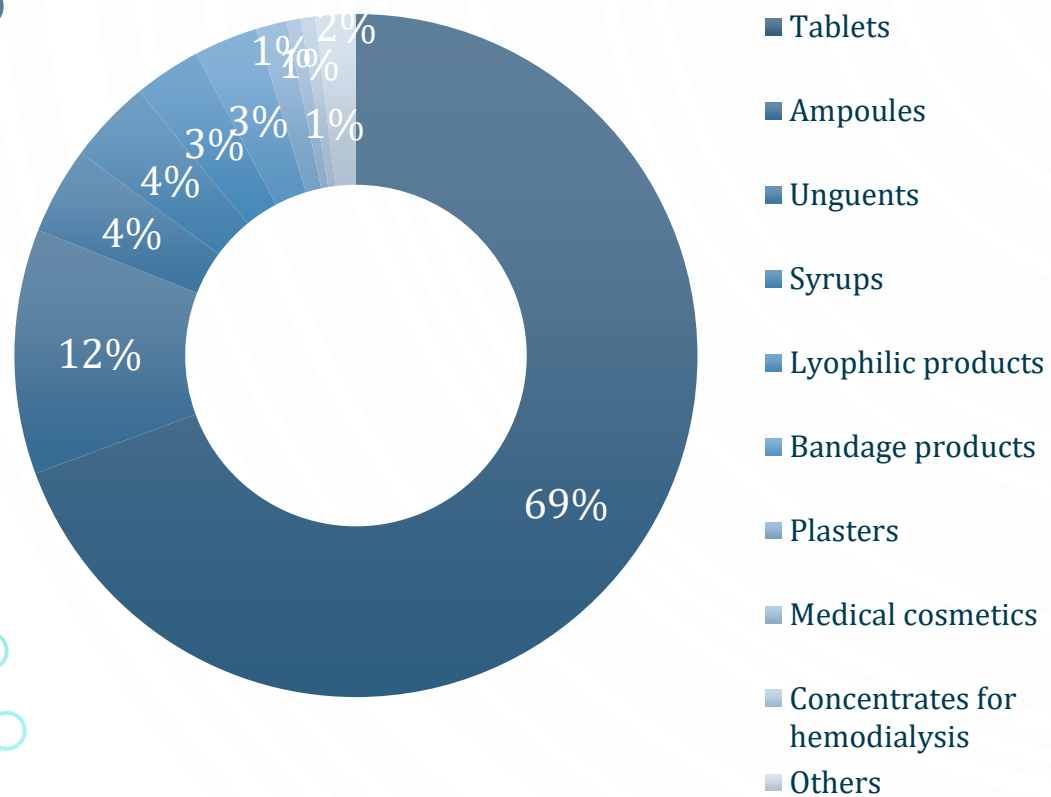




Individual annual financial results for 2020

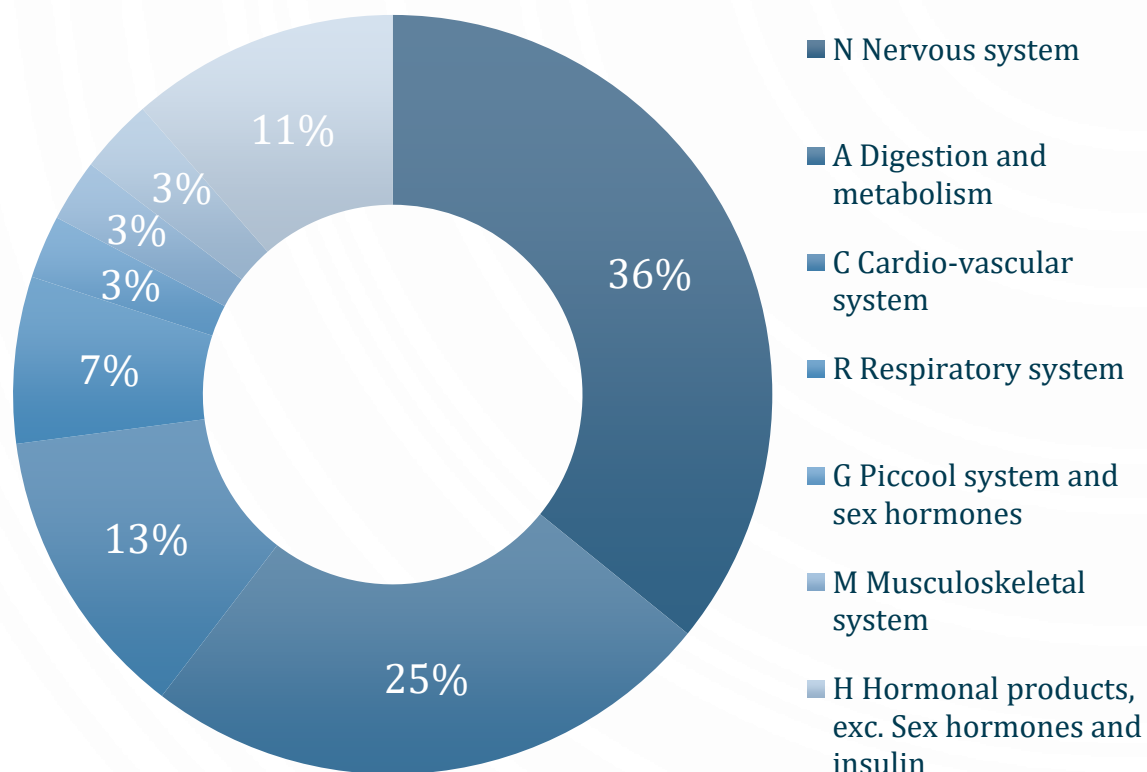
Key financial indicators of “Sopharma” AD

Revenues by type of formulation



Revenues by type of formulation	2020 BGN '000	2019 BGN '000	Change %
Tablets	142 086	159 485	-11%
Ampoules	23 666	28 670	-18%
Unguents	8 438	9 770	-14%
Syrups	8 051	9 617	-16%
Lyophilic products	6 505	4 673	39%
Bandage products	6 173	6 608	-7%
Plasters	2 981	3 180	-6%
Medical cosmetics	1 381	920	50%
Concentrates for hemodialysis	1 367	1 571	-13%
Others	3 898	4 420	-12%
Total	204 546	228 914	-11%

Revenues by therapeutic group



Revenues by therapeutic group	2020 BGN '000	2019 BGN '000	Change %
N Nervous system	73 101	82 599	-11%
A Digestion and metabolism	50 093	59 562	-16%
C Cardio-vascular system	25 539	29 289	-13%
R Respiratory system	14 472	16 909	-14%
G Urinary system and sex hormones	5 501	5 766	-5%
M Musculoskeletal system	5 405	4 652	16%
H Hormonal products, exc. Sex hormones and insulin	6 508	4 487	45%
Other	23 927	25 650	-7%
Total	204 546	228 914	-11%

Other operating revenues

- **Other operating revenues** increased by BGN 0,05 million or by 1%, from BGN 4,13 million in 2019 to BGN 4,19 million in 2020 mainly due to profit on sale of long-term assets, revenue from fines and penalties, revenue from government grants for agricultural production, etc. Revenue from rendering of services and written-off liabilities has decreased.



Other operating revenues	2020 BGN '000	2019 BGN '000	Change %	Rel. share 2020 %
Services rendered	2 262	2 792	-19%	54%
Revenue from government grants under European projects	540	540	0%	13%
Gain on sale of long-term assets	380	115	230%	9%
Revenue from fines and penalties	293	10	2830%	7%
Profit on sale of goods	263	185	42%	6%
Revenue from government grants for agricultural production	242	-	100%	6%
Revenue from court cases	166	53	213%	4%
Profit on sale of materials	137	61	125%	3%
Written off liabilities	130	746	-83%	3%
Gains / (Losses) from revaluation of agricultural production to fair value	68	(139)	149%	2%
Net exchange losses on trade receivables and payables and current accounts	(390)	(311)	25%	-9%
Other revenue	97	82	18%	2%
Total other operating revenues	4 188	4 134	1%	100%

Operating expenses



- **Operating** expenses decreased by BGN 10,7 million to BGN 178,1 million in 2020.
- The expenses of **materials** decreased by BGN 5,4 million or 7% to BGN 70,1 million.
- **Hired services** expenses increased by BGN 1,4 million or 4% to BGN 36,4 million in 2020.
- **Personnel** expenses increased by BGN 0,6 million or by 1% to BGN 49,8 million in 2020.
- **Other operating expenses** increased by BGN 4,3 million in 2020, compared to the same period in 2019 mainly in the part of scrapped fixed assets.
- **Depreciation and amortization** expenses decreased by BGN 0,1 million or by 0.6%, retaining their value of BGN 18 million.
- **Changes in inventories of finished goods and work in progress** have an impact on the decrease in operating expenses by BGN 5,4 million.

Operating expenses	2020	2019	Change	Rel. share of expenses 2020
	BGN '000	BGN '000	%	%
Changes in inventories of finished goods and work in progress	(5 376)	6 183	-187%	-3%
Materials	70 114	75 486	-7%	39%
Hired services	36 438	34 974	4%	20%
Personnel	49 804	49 203	1%	28%
Depreciation and amortization	18 230	18 347	-0.6%	10%
Other operating expenses	8 892	4 594	94%	5%
Total operating expenses	178 102	188 787	-6%	100%

Financial income



Financial income decreased by BGN 3,6 million to BGN 13,4 million in 2020 compared to BGN 17 million in 2019, mainly due to a decrease in income from equity share by BGN 1 million and net profit from operations with investments in securities by BGN 2,8 million.

Finance income	2020	2019	Change	Rel. share of expenses in 2020
	BGN '000	BGN '000	%	%
Income from equity share	9 661	10 653	-9%	72%
Interest income on granted loans	3 189	3 342	-5%	24%
Income from issued and granted guarantees	368	-	-	3%
Net gain from investment operations in securities and shares	132	2 924	-95%	1%
<i>Incl. profits from the sale of investments in subsidiaries</i>	<i>131</i>	<i>242</i>	<i>-46%</i>	<i>1%</i>
Net gain from exchange rate differences from lease contracts	38	-	-	0%
Reversal of expected credit loss on cash and cash equivalents	12	-	-	0%
Net gain from exchange differences on the sale of a subsidiary	-	47	-100%	0%
Total	13 400	16 966	-21%	100%

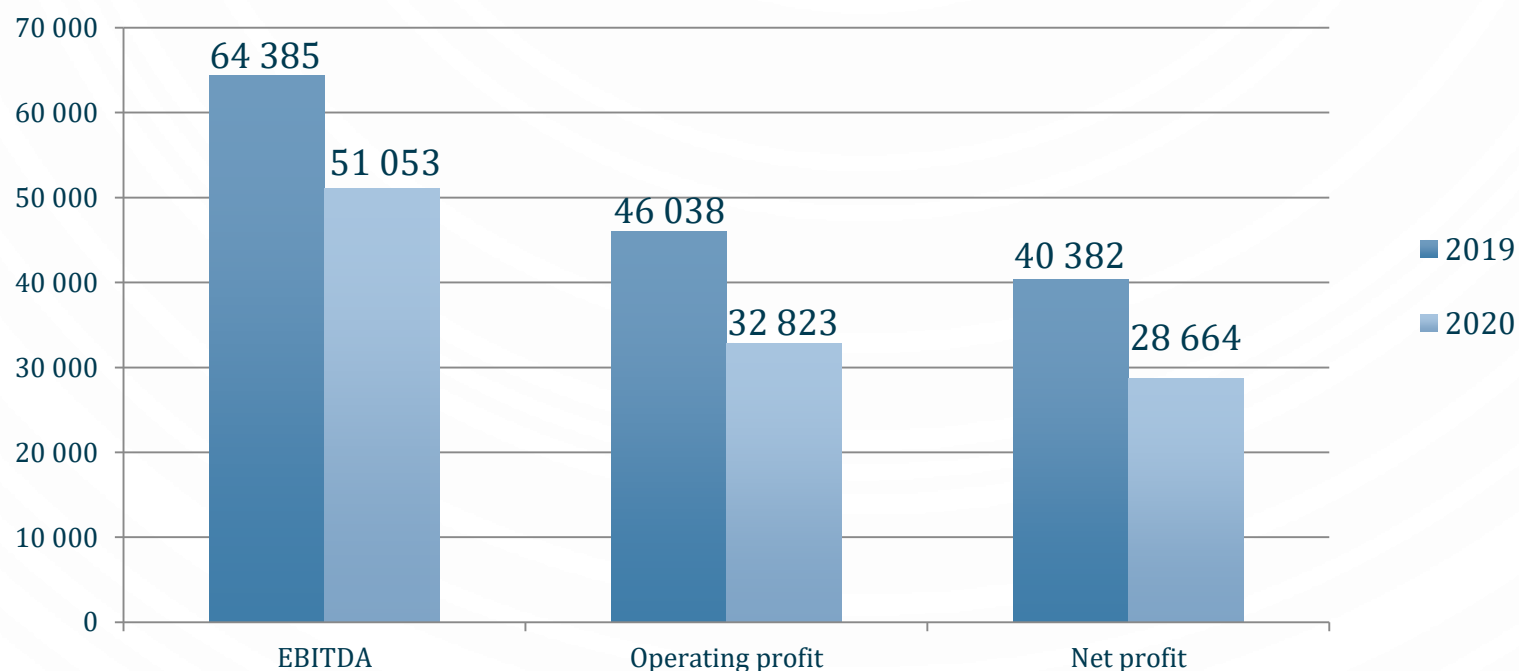
Financial costs

- **Financial costs** increased by BGN 4,5 million to BGN 7,1 million in the current period of 2020, due to an increase in net change in impairment on loans granted and dividend receivables from subsidiaries (SIA Briz Latvia).
- **Net financial income** (costs) decreased by BGN 8,4 million compared to 2019.

Financial costs	2020 BGN '000	2019 BGN '000	Change %	Rel. share %
Net change in impairment on loans granted	3 551	526	575%	50%
Interest expenses on loans received	1 467	1 698	-14%	21%
Expected credit losses on dividend receivables	1 293	-	-	18%
Bank fees and charges on loans and guarantees	317	267	19%	4%
Net foreign exchange loss on receivables from the sale of a subsidiary	294	-	-	4%
Interest expense on lease contracts	91	58	57%	1%
Net provision for financial guarantees	46	54	-15%	1%
Deregistered capital of a company from the scope of long-term capital investments	26	-	-	0%
Net foreign exchange loss on lease contracts	-	8	-100%	0%
Total	7 085	2 611	171%	100%

Financial result of the activity

- **EBITDA** decreased by BGN 13,3 million or by 20.7% to BGN 51 million compared to BGN 64,4 million in 2019.
- **Operating profit** for 2020 decreased by BGN 13,2 million or 29%, to BGN 32,8 million in 2020.
- **Net profit** for 2020 decreased by BGN 11,7 million or by 29%, to BGN 28,7 million in 2020 compared to BGN 40,4 million in 2019 in addition to the stated factors at the operational level, the net decrease in finance income and expenses, as well as the reported impairments of non-current assets (reputation, investments in subsidiaries and property, plant and equipment) have a negative impact.



Assets

- **Total assets** decreased by BGN 28,4 million or by 4% to BGN 650,3 million as of 31 December 2020.
- **Non-current assets** decreased by BGN 41,1 million or by 9%, mainly due to a decrease in long-term receivables from related parties by BGN 32,1 million as a result of partial repayment of loans by companies from the group of “Doverie - Obedinen Holding” AD.
- **Current assets** increased by BGN 12,7 million or by 6% to BGN 214,4 million as at 31 December 2020. Inventories increased by BGN 6,8 million or 11% compared to 31 December 2019, mainly in the part of finished products and materials. Receivables from related parties increased by BGN 17,1 million in the part of receivables from contracts with customers, net. Trade receivables decreased by BGN 8,8 million. Cash and cash equivalents decreased by BGN 0,2 million.

Assets	31.12.2020 BGN '000	31.12.2019 BGN '000	Change %	Rel. share
Non-current assets				
Property, plant and equipment	211 681	224 654	-6%	32%
Intangible assets	4 143	8 524	-51%	1%
Investment property	44 759	39 329	14%	7%
Investments in subsidiaries	86 809	87 146	0%	13%
Investments in associated companies	6 062	6 062	0%	1%
Other long-term equity investments	11 607	9 621	21%	2%
Long-term receivables from related parties	59 725	91 794	-35%	9%
Other long-term receivables	11 105	9 897	12%	2%
	435 891	477 027	-9%	67%
Current assets				
Inventories	68 160	61 365	11%	10%
Receivables from related parties	114 169	97 014	18%	17%
Trade receivables	18 382	27 212	-32%	3%
Loans granted to third parties	3 903	6 044	-35%	1%
Other receivables and prepaid expenses	6 057	6 144	-1%	1%
Cash and cash equivalents	3 776	3 959	-5%	1%
	214 447	201 738	6%	33%
TOTAL ASSETS	650 338	678 765	-4%	100%

Owner's equity and liabilities – non-current liabilities



- **The equity of company** increased by BGN 14,3 million or by 3% to BGN 536,9 million as at 31 December 2020 compared to BGN 522,6 million as at 31 December 2019, mainly as a result of the increase in reserves by BGN 26,2 million. Retained earnings decreased by BGN 12,4 million.
- **Non-current liabilities** decreased by BGN 4,6 million or 22% to BGN 16,1 million as of 31 December 2020 compared to BGN 20,7 million as at 31 December 2019 mainly in the part of long-term bank loans by BGN 2,4 million.

OWNER'S EQUITY	31.12.2020	31.12.2019	Change	Rel. share
	BGN '000	BGN '000	%	%
Share capital	134 798	134 798	0%	25%
Treasury shares	(33 656)	(34 142)	-1%	-6%
Reserves	408 807	382 549	7%	76%
Retained earnings	27 039	39 439	-31%	5%
TOTAL OWNERS' EQUITY	536 988	522 644	3%	100%
LIABILITIES				
Non-current liabilities				
Long-term bank loans	15	2 398	-99%	0%
Deferred tax liabilities	5 358	6 209	-14%	5%
Government grants	4 427	4 858	-9%	4%
Lease liabilities to related parties	-	1 610	-100%	0%
Lease liabilities to third parties	1 533	954	61%	1%
Long-term liabilities to personnel	4 758	4 638	3%	4%
	16 091	20 667	-22%	14%

Current liabilities

Current liabilities decreased by BGN 38,2 million to BGN 97,3 million as of 31 December 2020 compared to BGN 135,5 million as at 31 December 2019.

There is a decrease:

- short-term bank loans by BGN 27 million;
- short-term part of long-term bank loans by BGN 4,8 million;
- liabilities to related parties by BGN 5,4 million;
- other current liabilities by BGN 2 million.

Total exposure to bank loans of the company as of 31 December 2020 decreases by BGN 34,2 million compared to 31 December 2019.

Current liabilities	31.12.2020 BGN '000	31.12.2019 BGN '000	Change %	Rel. share
Short-term bank loans	73 335	100 359	-27%	65%
Short-term part of long-term bank loans	2 404	7 181	-67%	2%
Trade liabilities	7 218	6 074	19%	6%
Liabilities to related parties	1 273	6 664	-81%	1%
Liabilities for taxes	2 092	2 329	-10%	2%
Liabilities to the personnel and for social insurance	7 507	7 266	3%	7%
Other current liabilities	3 430	5 581	-39%	3%
	97 259	135 454	-28%	86%
TOTAL LIABILITIES	113 350	156 121	-27%	100%
TOTAL OWNERS' EQUITY AND LIABILITIES	650 338	678 765	-4%	

Cash flows and ratios

- Free cash flow (normalized with the payments under lease contracts), generated for 2020, amounts to BGN 18,8 million compared to BGN 37,2 million in 2019.

Ratios	31.12.2020	31.12.2019
ROE ¹	5.4%	7.9%
ROA ²	4.2%	6.0%
Asset turnover ³	0,30	0,35
Current liquidity ⁴	2,20	1,49
Quick ratio ⁵	1,50	1,01
Cash/current liabilities ⁶	0,04	0,03
Owners' equity/liabilities ⁷	4,73	3,35
Cash flows	1-12/2020	1-12/2019
	BGN '000	BGN '000
Net cash flow from/ (used in) operating activities	27 268	47 591
Purchases of property, plant and equipment, intangible assets, net	(6 491)	(8 700)
Payments under lease contracts	(1 928)	(1 710)
Free cash flow (normalized)	18 849	37 181

1 Net profit on an annual basis attributable to equity holders of the Company / arithmetic mean of non-minority interest for the last five quarters

2 Net profit on an annual basis attributable to equity holders of the Company / arithmetic mean of total assets for the last five quarters

3 Revenue from sales on an annual basis / average total assets over the last five quarters

4 Current assets / current liabilities

5 Receivables + Cash and cash equivalents / Current liabilities

6 Cash and cash equivalents / Current liabilities

7 Own capital / Liabilities



Individual annual financial results for 2020

New products, significant events and risks

New developments and products



- **5** Marketing Authorization was obtained for a new medicinal product - Solifenax 5 mg film-coated tablet (Bulgaria)), Ambrolitin 30 mg/5 ml syrop (Bulgaria, Latvia, Estonia), Ketoprofen 100 mg/ 2 ml solution for injection (Bulgaria), Sofazolon 40 mg powder and solvent for solution for injection (Bulgaria), Dexketoprofen 50 mg/2ml solution for injection (Latvia, Lithuania, Estonia).
- The following new medicinal products were introduced in production - Paracedol Kids 120 mg / 5 ml oral suspension; Antiemetin 5 mg / ml solution for injection; Promerol 1 mg / ml solution for injection and food supplement Alovital oral solution 2.5 mg/ 5ml.
- Until the end of 2021 it is expected that 3 to 5 new products will be implemented.
- Received **28** Authorizations for the use of medicinal products for new destinations.
- During the reporting period **17** food supplement for Bulgaria, Armenia, Azerbaijan, the Ukraine, Kazakhstan and Kyrgyzstan were notified.
- **48** medical supplies were registered in the Ukraine (two), Moldova (thirty) and Macedonia (sixteen);
- Submission of documentation for the renewal of the Marketing Authorizations for **119** medicinal products to agencies.
- **854** changes for medicinal products approved by agencies.
- **949** changes made for medicinal products to the agencies.
- There is a pharmaceutical development of **11** new medicinal products;
- **18** medicinal products have been transferred / undergoing transfer and **30** manufacturing processes / technologies have been validated / optimized.



Significant events occurring after the date of preparation of the annual financial statements



- On 24 February 2021 “Sopharma” AD presented an invitation to convene an Extraordinary General Meeting of Shareholders and materials for the General Meeting of Shareholders, which will be held on 02.04.2021 from 11:00 am in Sofia 1756, 5 Lachezar Stanchev Str., Ground floor, Commercial Sopharma Business Towers Center, Sopharma Event Center, with the following agenda: Adoption of a decision for amendments to the Articles of Association of the company.
- 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 15.03.2021 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.



Future development of “Sopharma” AD



- On the local market, the Company aims to provide patients with more affordable treatment by registering new generic products in shorter terms.
- On the foreign markets, efforts are focused on preserving and increasing the share of the Company in the main markets (Russia, Ukraine and Poland), as well as establishing and expanding market positions in other countries (Middle and Eastern Europe and Caucasus region).
- The Company continues the policy of active partnership with established international pharmaceutical companies, with new companies, as well as expanding the product range of already established collaborations.
- Optimization of product portfolio.



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 - The Company supplies part of its raw and other materials in USD. The currency risk is related to the adverse floating of the exchange rate of USD against BGN in future business transactions as to the recognized assets and liabilities denominated in foreign currency and as to the net investments in foreign companies.



Thank you for your time and attention!

Investor Relations Department
"Sopharma" AD

optimum
health
maximum
vitality
WWW.SOPHARMA.COM



ir@sopharma.bg
+3592 8134 556