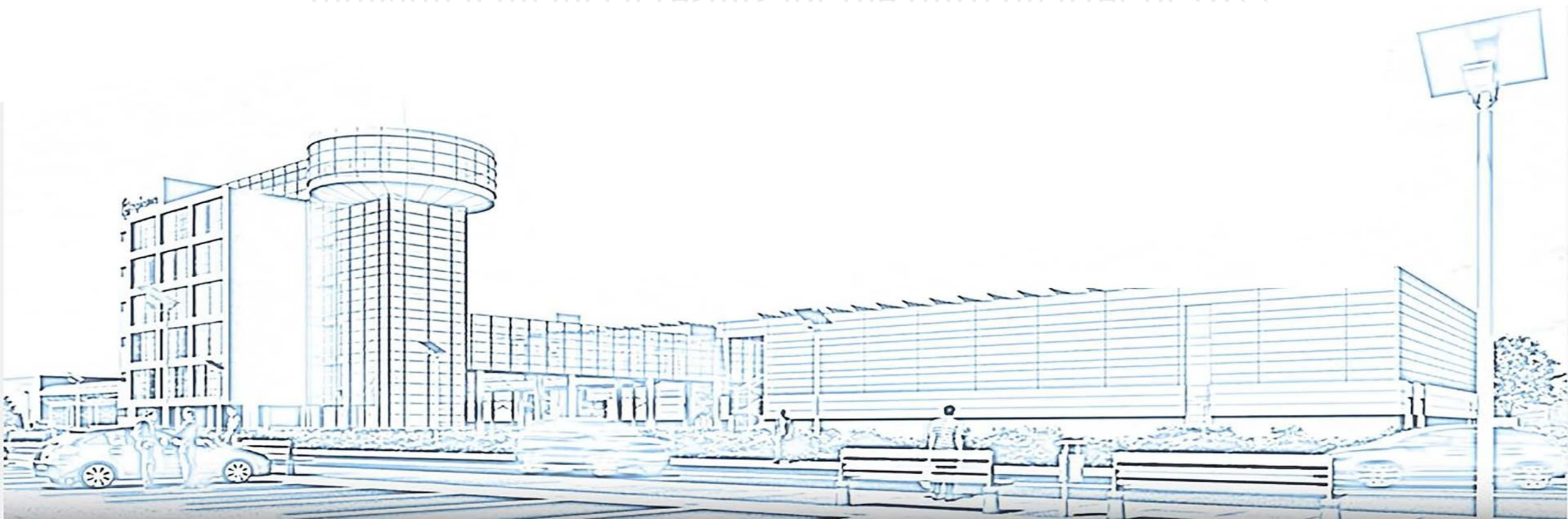


# „Sopharma“ AD

Individual financial results for the third quarter of 2022





Individual financial results for the third quarter of 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.



„Sopharma“ AD

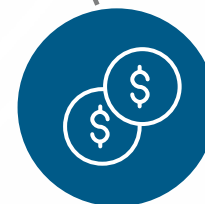


**№1 manufacturer of  
ampules and suppositories**



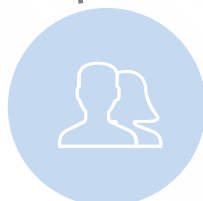
**Revenues BGN  
161 977 thousand**

**More than 200  
product**



**EBITDA  
BGN 40 401  
thousand**

**1 686  
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



## „Sopharma“ AD



## Pharmaceutical production

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



## Wholesale and distribution

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



## Non-pharma activities

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



# Important moments from the 85-year history



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

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

1933



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

1953  
Nationalization of  
"Sopharma" AD.

Start of production:

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

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

2002

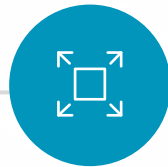


Five small producers have been acquired:

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

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

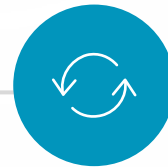
2009



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

2011  
Listing on  
Warsaw Stock  
Exchange

2013



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

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

2018



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

2020

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

2021



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



Individual financial results for the third quarter of 2022

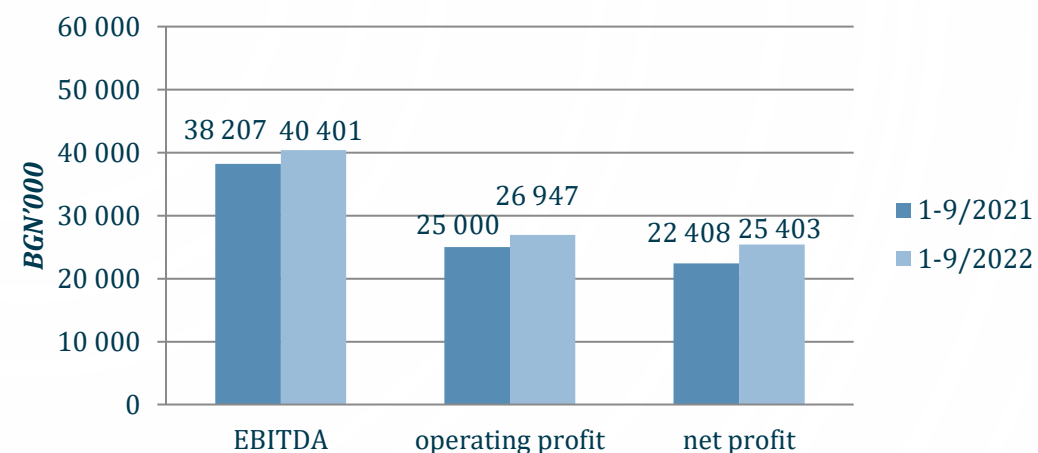
---

## Our business

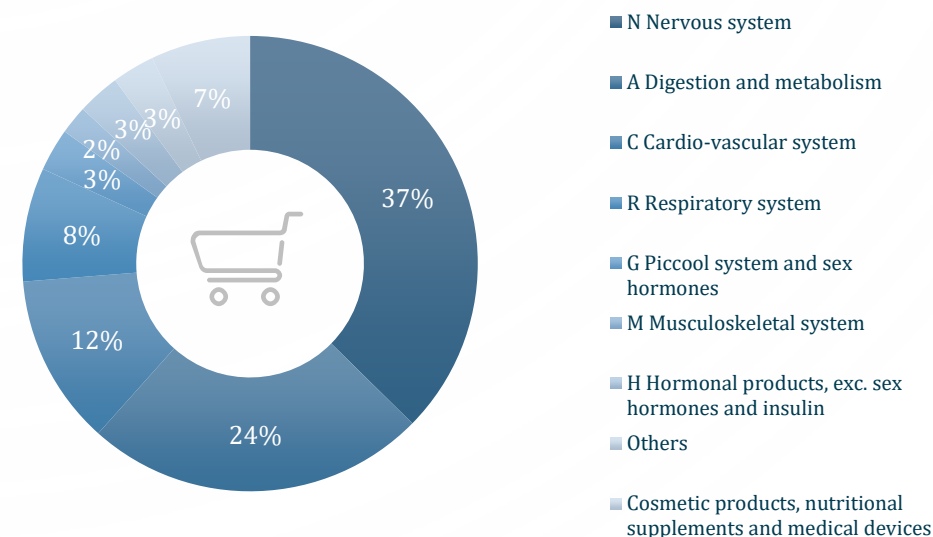
# Main financial indicators



Indicators	30.09.2022 BGN '000	30.09.2021 BGN '000
Sales revenue	161 977	137 778
EBITDA	40 401	38 207
Operating profit	26 947	25 000
Net profit	25 403	22 408
CAPEX	29 929	5 007
	30.09.2022 BGN '000	31.12.2021 BGN '000
Non-current assets	489 915	456 746
Current assets	182 997	202 353
Owners' equity	586 599	564 203
Non-current liabilities	46 880	22 436
Current liabilities	39 433	72 460
	30.09.2022	30.09.2021
EBITDA/Sales revenues	24.9%	27.7%
Operating profit/Sales revenues	16.6%	18.1%
Net profit/Sales revenue	15.7%	16.3%
Borrowed capital/Owners' equity	0,15	0,17
Net debt/EBITDA on a annual basis	0,7x	0,7x



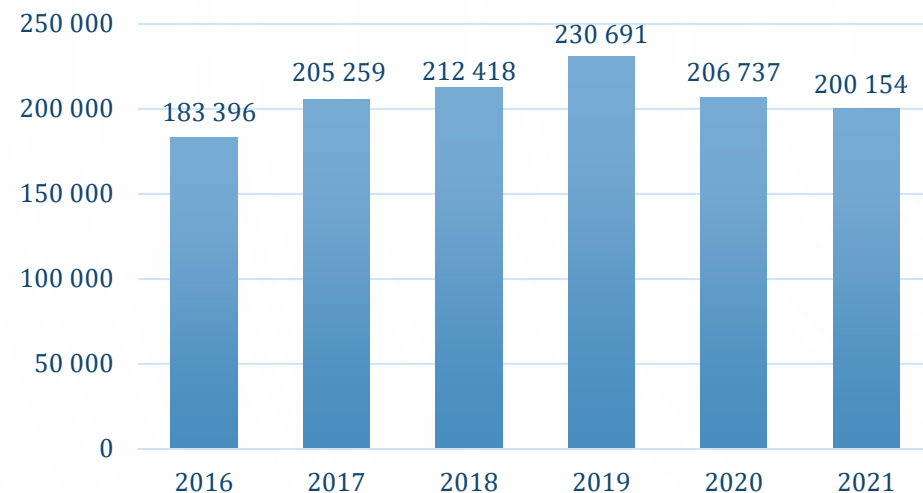
## Revenue by therapeutic group



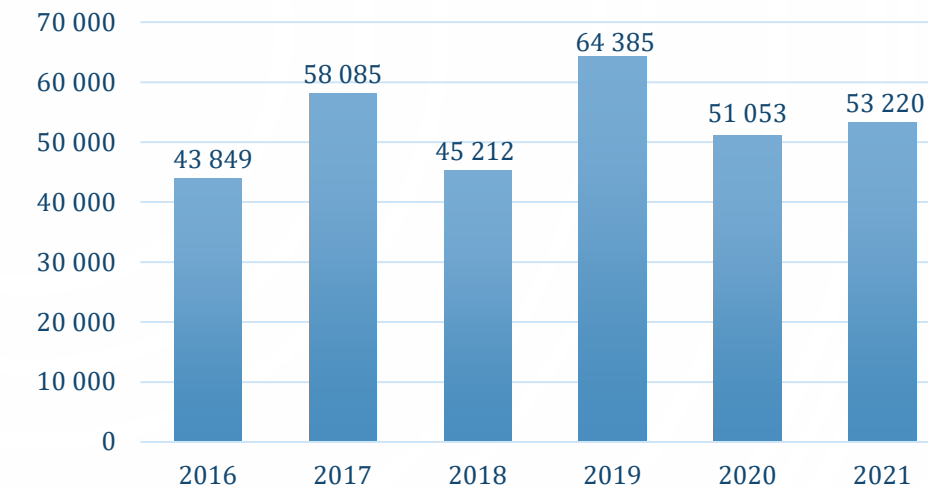
# Sustainable financial performance



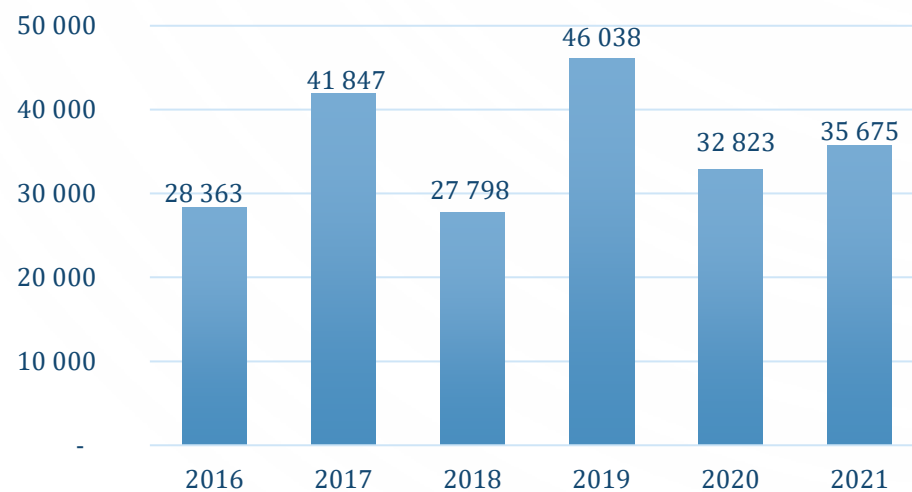
## Sales revenue



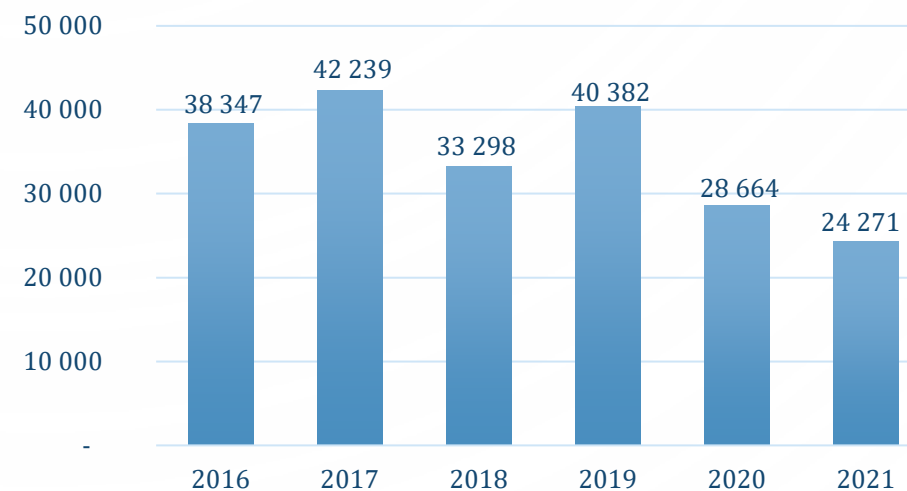
## EBITDA



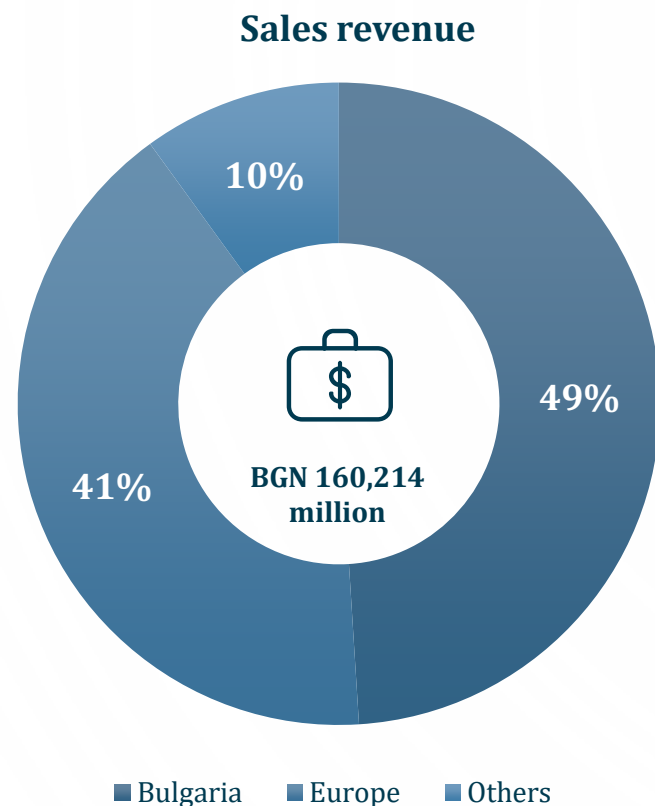
## Operating profit



## Net profit



# “Sopharma” AD



8 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.



Individual financial results for the third quarter of 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.



Individual financial results for the third quarter of 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.

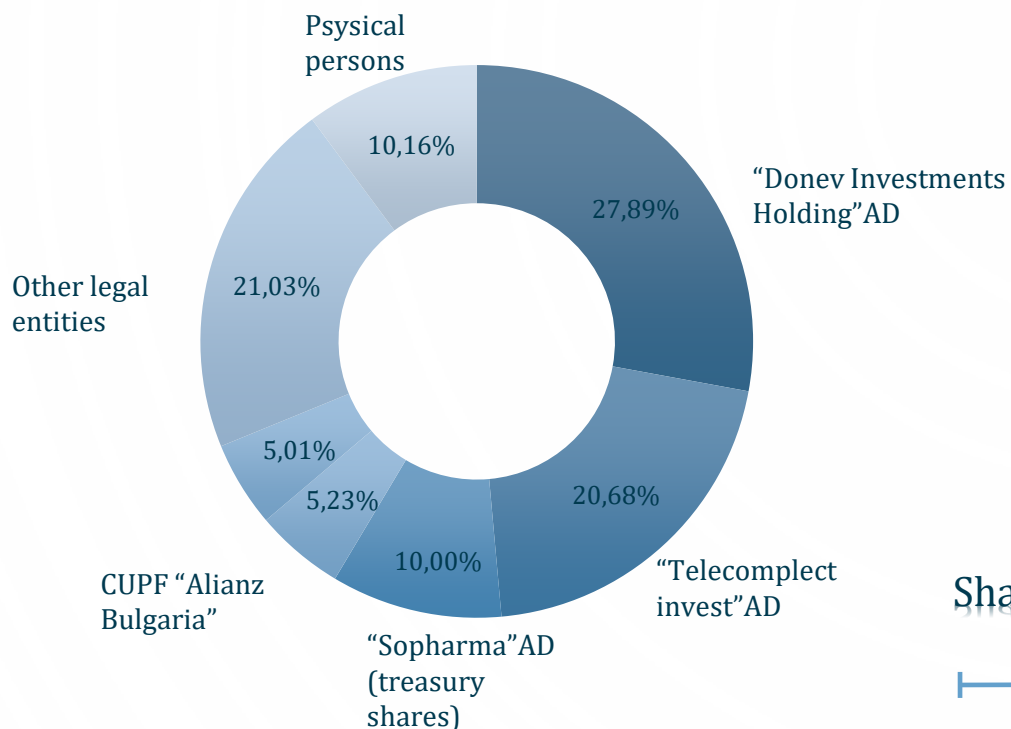


**Alexandar Tchaoushev**  
Independent Member of the BoD

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

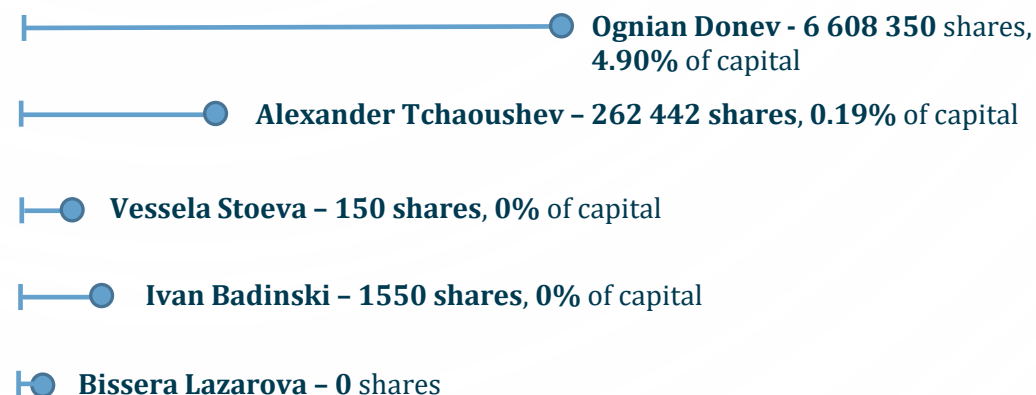
Mr. Chaushev is a member of the Board of Directors of "Sopharma" AD since 2011.

# Shareholder structure at 30 September 2022



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

## Shares of the Board of Directors as of 30 September 2022



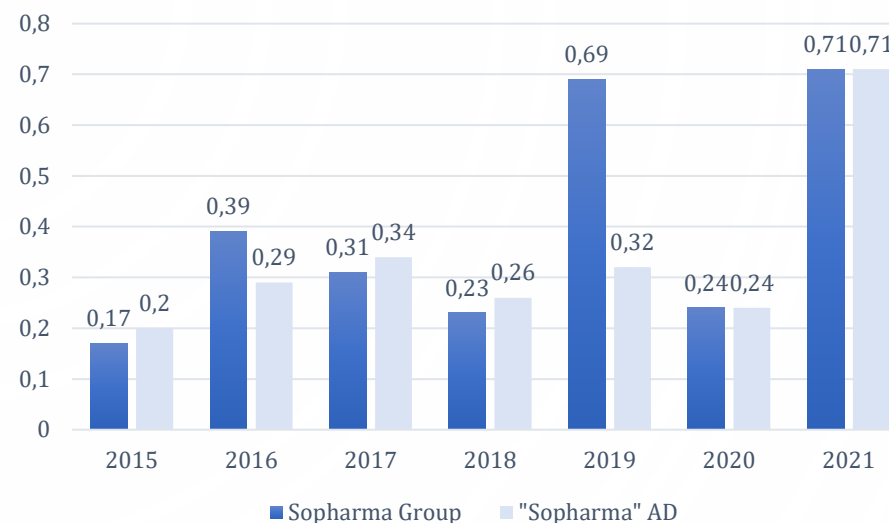
# Shares of "Sopharma" AD



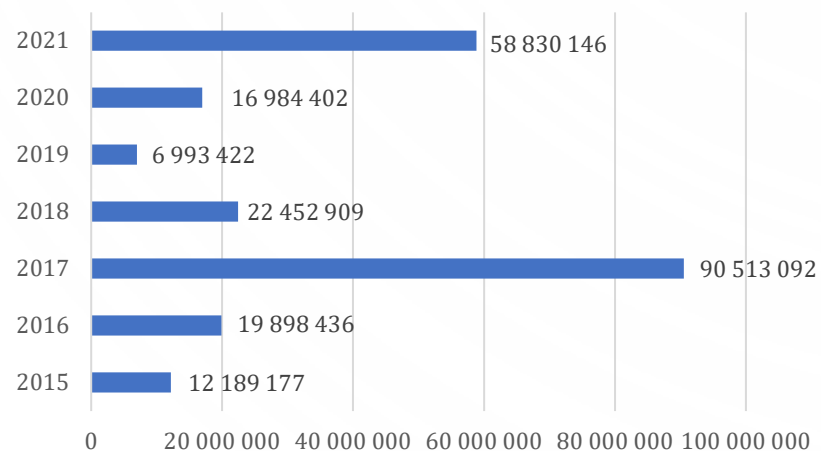
## Price of the shares

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

## Income per share



## Volume of traded shares for 2021



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

# Dividends

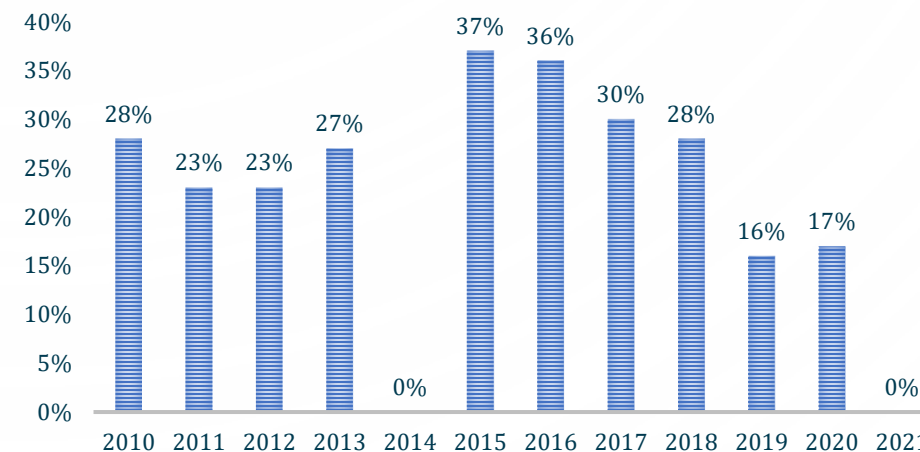


## Dividend for 1 share in BGN

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

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

## Dividend payout ratio





Individual financial results for the third quarter of 2022

---

## Main markets

# Republic of Bulgaria: Demography and key economic indicators

## GDP (BGN million)



2017 2018 2019 2020 2021\*

\* Preliminary data

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

## GDP per capita

BGN 19.268 (€ 9.852)

## Currency

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

## Health budget 2022

BGN 6,5 billion

## Pharmaceutical industry

99% private



## Area

111.000 km<sup>2</sup>

## Population

6.951 million

## Member of EU

since 2007

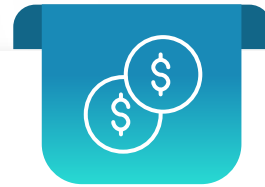
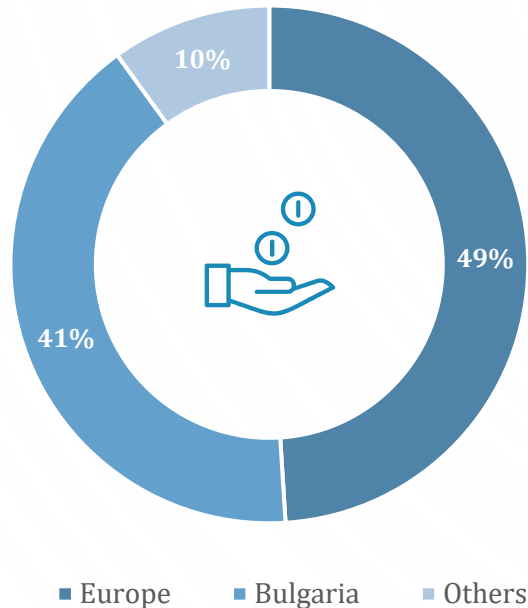
Source: NSI 2021

# Revenues from sales of products



*Sales revenues from products* for the third quarter of 2022 increased by BGN 24 million to BGN 160,2 million, compared BGN 136,2 million in the third quarter of 2021.

## Sales revenue



Sales revenues for the third quarter of 2022 for European countries increased by BGN 11,4 million or 17% compared to the third quarter of 2021.

Sales of “Sopharma” AD in the domestic market increased by BGN 9 million or 15.6% in the third quarter of 2022 to BGN 66,2 million compared to BGN 57,2 million in the third quarter of 2021.

Revenues from other markets increased by BGN 3,6 million or 17.6% compared to the first nine months of 2021.



The company retains its market share and at the end of the third quarter of 2022 has a **2.45%** share of the total Bulgarian pharmaceutical market in value and **9.67%** of sales in volume.

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



Individual financial results for the third quarter of 2022

---

## Financial indicators of “Sopharma” AD

# Operating expenses



- For the current period more significant changes are reported in the cost of materials, mainly in the part of costs for basic materials for production, which increased by BGN 5,8 million, 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 4,2 million.
- The largest change was in the costs of manufacturing medicines and the costs of advertising and marketing services, which decreased by BGN 0,6 million.
- There is a more significant increase in the costs for heat and electricity, by BGN 3,1 million and BGN 1,3 million.

Operating expenses	1-9/2022	1-9/2021	Change	Rel. share of expenses 2022
	BGN '000	BGN '000	%	%
Changes in inventories of production and work in progress	10 419	2 924	72%	-8%
Raw materials and consumables used	59 433	44 603	25%	43%
Hired services expense	23 672	24 131	-2%	17%
Employee benefits expense	38 722	34 537	11%	28%
Depreciation and amortisation expense	13 454	13 207	2%	10%
Other operating expenses	13 443	2 125	84%	10%
<b>Total operating expenses</b>	<b>138 305</b>	<b>115 679</b>		<b>100%</b>

# Financial income and expenses



**Financial income** increased by BGN 0,8 million to BGN 4,2 million in the third quarter of 2022, mainly due to the reported BGN 0,8 million more income from equity participation compared to the previous period.

Finance income	1-9/2022	1-9/2021	Change	relative share
	BGN '000	BGN '000	%	of income of 2022 %
Interest income on loans extended	1 513	1 916	-27%	37%
Income from fees on provided guarantees and warranties	1 703	682	60%	41%
Net profit from exchange differences on receivables from the sale of a subsidiary	560	190	66%	14%
Net profit from exchange rate differences under lease agreements	348	323	7%	8%
Net gain on transactions with investments in securities	-	241		0%
<i>incl. profits from the sale of investments in subsidiaries</i>	-	151		0%
<b>Total</b>	<b>4 124</b>	<b>3 503</b>		<b>100%</b>

# Financial income and expenses

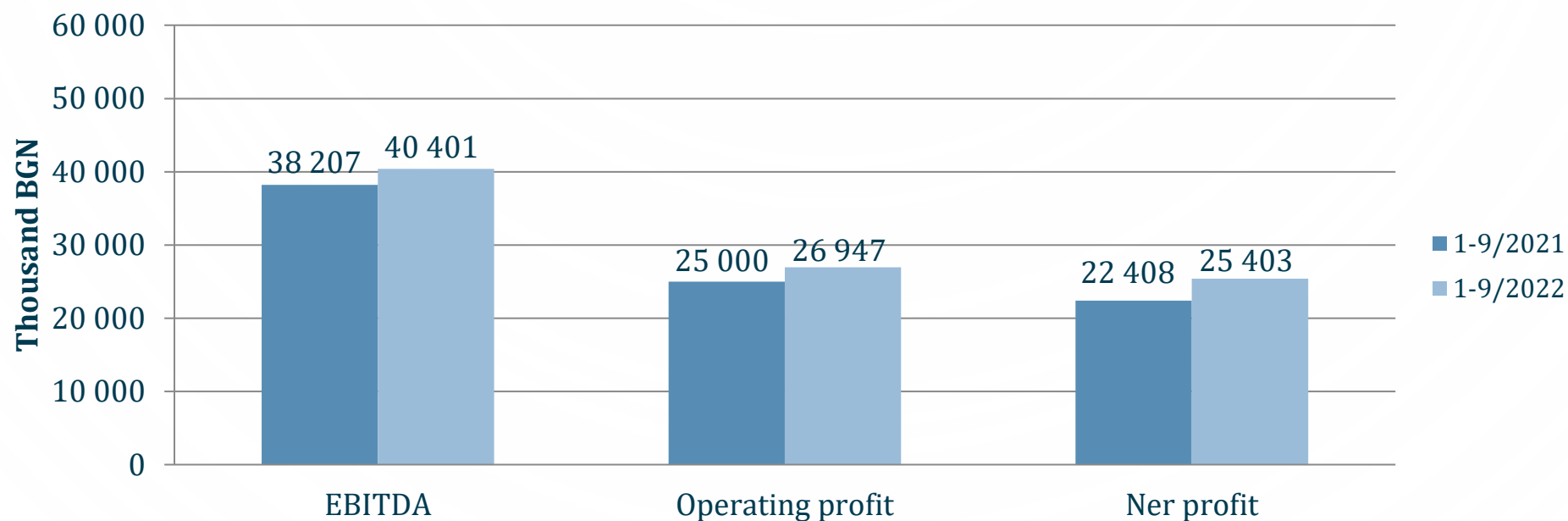


**Financial expenses** increased by BGN 1,2 million to BGN 2,7 million in the third quarter of 2022 the main reason being the accrued impairment of BGN 1,3 million per loans granted.

Financial expenses	1-9/2022	1-9/2021	Change %	relative share of income of 2022
Interest expense on loans received	298	619	-108%	38%
Bank fees and charges on loans and guarantees	406	348	14%	51%
Interest expenses on leasing contracts	86	84	2%	11%
Net foreign exchange loss on leases	-	10	-	0%
<b>Total</b>	<b>790</b>	<b>1 061</b>		<b>100%</b>

## Financial result of the activity

- **EBITDA** in the third quarter of 2022 increased by BGN 2,2 million, or by 5.7%, to BGN 40,4 million, compared to BGN 38,2 million in the third quarter of 2021.
- **Profit from operating activities** in the third quarter of 2022 increased by BGN 1,9 million or by 7.8% to BGN 26,9 million, compared to BGN 25 million in the third quarter of 2021.
- **Net profit** in the third quarter of 2022 increased by BGN 3 million or by 13.4%, to BGN 25,4 million, compared to BGN 22,4 million in the third quarter of 2021.



# Assets

- **Non-current assets** compared to the end of 2021 increased by BGN 33,2 million to BGN 489,9 million, the most significant being the change in investments in subsidiaries and associated companies, which grew by BGN 10,4 million and with BGN 5,3 million as a result of additionally acquired shares from the capital of “Sopharma Trading” AD and “Sopharma Imoti” REIT.
- **Current assets** decreased by BGN 19,4 million to BGN 183 million, with a decrease in receivables from related enterprises in the amount of BGN 15,8 million, trade receivables by BGN 9,8 million and of cash in the amount of BGN 10,9 million, inventories increased by BGN 18,1 million.

Assets	30.09.2022 BGN '000	31.12.2021 BGN '000	Change %	Rel. share 2022
<b>Non-current assets</b>				
Property, plant and equipment	221 596	205 090	7%	33%
Intangible assets	4 019	4 324	-8%	1%
Investment property	47 545	47 302	1%	7%
Investments in subsidiaries	90 965	80 598	11%	13%
Investments in associates and joint ventures	59 750	54 485	9%	9%
Other long-term equity investments	4 426	5 706	-29%	1%
Long-term receivables from related parties	51 318	49 695	3%	8%
Other long-term receivables	10 296	9 546	7%	2%
	<b>489 915</b>	<b>456 746</b>		<b>72%</b>
<b>Current assets</b>				
Inventories	68 989	63 222	8%	10%
Receivables from related parties	87 394	87 706	0%	13%
Trade receivables	20 520	26 631	-30%	3%
Loans granted to third parties	1 810	1 804	0%	0%
Other receivables and prepayments	6 355	7 372	-16%	1%
Cash and cash equivalents	4 030	15 618	-288%	1%
	<b>189 098</b>	<b>202 353</b>		<b>28%</b>
<b>TOTAL ASSETS</b>	<b>679 013</b>	<b>659 099</b>	<b>3%</b>	<b>100%</b>

# Owner`s equity and liabilities



- **The equity of “Sopharma” AD** increased by BGN 22,4 million to BGN 586,6 million as a result of the registered profit for the current year.

<b>EQUITY</b>	<b>30.09.2022</b>	<b>31.12.2021</b>	<b>Change</b>	<b>rel. share compared to OE 2022</b>
	<b>BGN '000</b>	<b>BGN '000</b>		
Share capital	134 798	134 798	0%	23%
Treasury shares	(52 203)	(50 284)	4%	-9%
Reserves	462 618	439 040	5%	79%
Other capital components	12 488	12 512	0%	2%
Retained earnings	28 898	28 137	3%	5%
<b>Total equity</b>	<b>586 599</b>	<b>564 203</b>	<b>4%</b>	<b>100%</b>

- **Non-current liabilities** increased by BGN 24,4 million to BGN 46,9 million, as a result of an increase in long-term bank loans by BGN 10,7 million compared to the end of the previous year, as well as as a result of concluded long-term leasing contracts with related parties in the amount of BGN 15,1 million.
- **Current liabilities** decreased by BGN 33 million to BGN 39,4 million, as a result of the decrease in short-term bank loans by BGN 38,1 million, financed by the realized free cash flow for the period and the available cash at the end of 2021.

<b>LIABILITIES</b>	<b>30.06.2022</b>	<b>31.12.2021</b>	<b>Change</b>	<b>rel. share compared to total liabilities 2022</b>
<b>Non-current liabilities</b>	<b>BGN '000</b>	<b>BGN '000</b>		
Long-term bank loans	17 461	6 750	61%	20%
Deferred tax liabilities	4 665	6 389	-37%	5%
Government grants	3 692	4 007	-9%	4%
Liabilities under leasing contracts to third parties	15 144	-	100%	18%
Obligations under leasing contracts to third parties	824	496	40%	1%
Long-term liabilities to staff	5 094	4 794	6%	6%
	<b>46 880</b>	<b>22 436</b>	<b>52%</b>	<b>54%</b>
<b>Current liabilities</b>				
Short-term bank loans	8 557	46 663	-82%	10%
Trade payables	13 747	12 671	8%	16%
Payables to related parties	2 653	1 609	65%	3%
Tax payables	2 785	700	298%	3%
Payables to personnel and for social security	9 034	8 034	11%	10%
Other current liabilities	2 657	2 783	-5%	3%
	<b>39 433</b>	<b>72 460</b>	<b>-46%</b>	<b>46%</b>
<b>TOTAL LIABILITIES</b>	<b>86 313</b>	<b>94 896</b>	<b>-10%</b>	<b>100%</b>
<b>TOTAL OWNERS' EQUITY AND LIABILITIES</b>	<b>672 912</b>	<b>659 099</b>	<b>2%</b>	



Individual financial results for the third quarter of 2022

New products, significant  
events and risks

# New developments and products

The following activities were carried out in July to September - 2022:

- Development of **3** nutritional supplements is underway.

- Pharmaceutical development of **6** new medicinal products / projects is underway.



- During the reporting period, a marketing authorization was obtained for **2** new medicinal products.
- Documentation for registration of **3** medicinal products has been submitted.



- Renewed Marketing Authorizations for **5** medicinal products.
- Submitted documentation for renewal of Marketing Authorizations for **29** medicinal products to agencies.
- Agency-approved **38** changes to medicinal products;
- **41** changes for medicinal products submitted to agencies.



- **6** 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  
**health**  
maximum  
vitality

WWW.SOPHARMA.COM



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

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