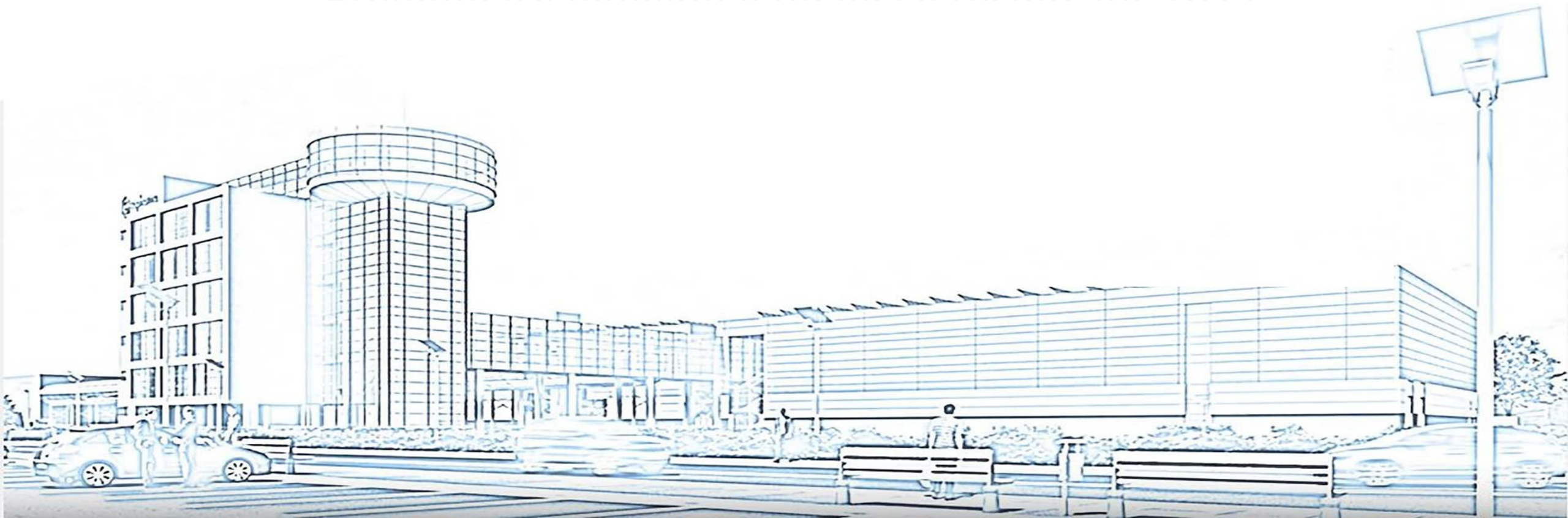


„Sopharma“ AD

Preliminary individual financial results for 2022





Preliminary 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.



„Sopharma“ AD



**№1 manufacturer of
ampules and suppositories**



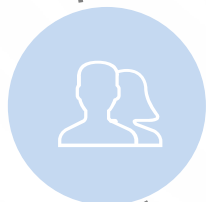
**Revenues BGN
230 763 thousand**

**More than 200
product**



**EBITDA
BGN 65 738
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



„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

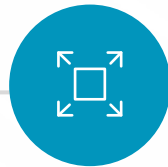


Five small producers have been acquired:

- "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).

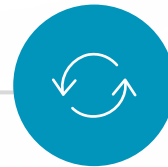
2009



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.



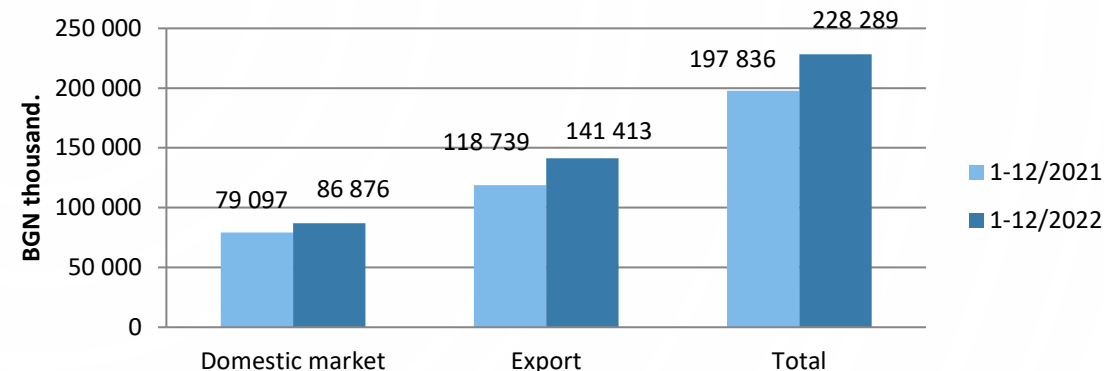
Preliminary individual financial results for 2022

Our business

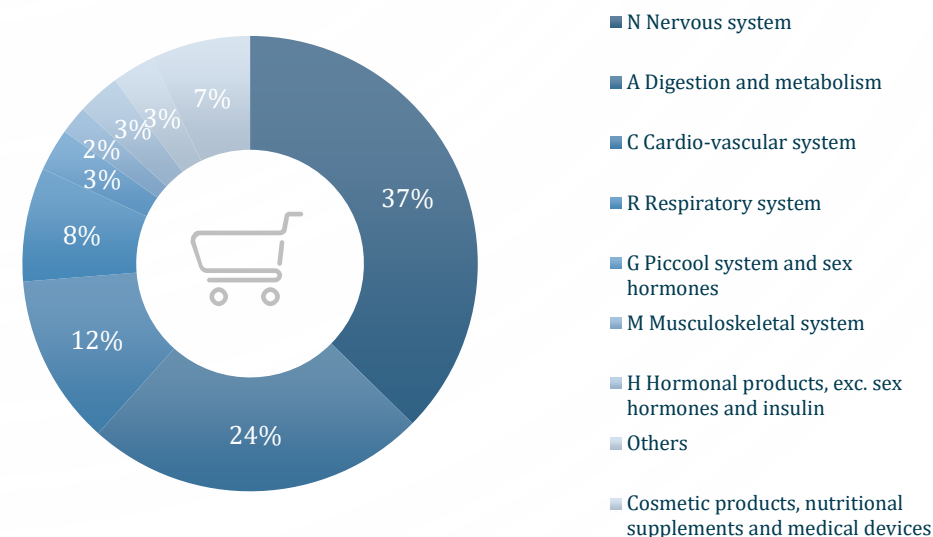
Main financial indicators



Indicators	31.12.2022 BGN '000	31.12.2021 BGN '000
Sales revenue	230 763	200 154
EBITDA	65 738	53 220
Operating profit	47 549	35 675
Net profit	40 383	24 271
CAPEX	34 376	7 755
	31.12.2022 BGN '000	31.12.2021 BGN '000
Non-current assets	502 901	456 746
Current assets	199 776	202 353
Owners' equity	601 329	564 203
Non-current liabilities	39 598	22 436
Current liabilities	61 750	72 460
	30.09.2022	30.09.2021
EBITDA/Sales revenues	28.5%	26.6%
Operating profit/Sales revenues	20.6%	17.8%
Net profit/Sales revenue	17.5%	12.1%
Borrowed capital/Owners' equity	0,17	0,17
Net debt/EBITDA on a annual basis	0,4x	0,7x



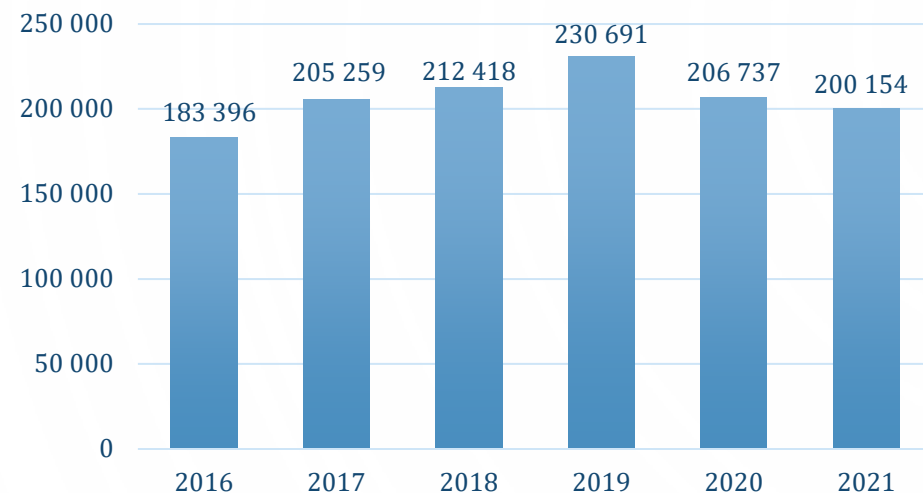
Revenue by therapeutic group



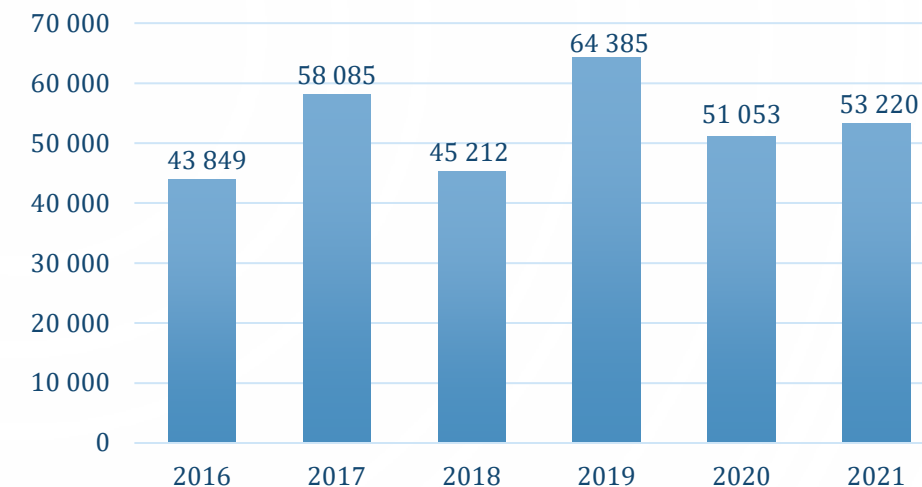
Sustainable financial performance



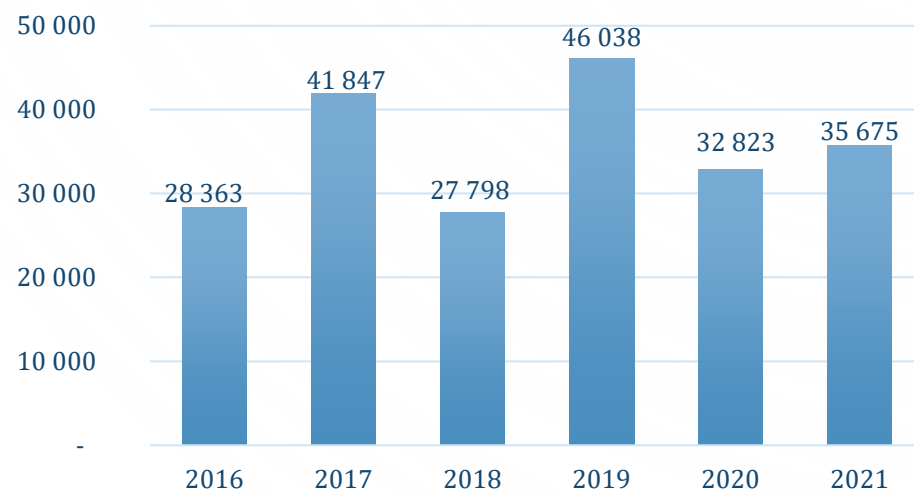
Sales revenue



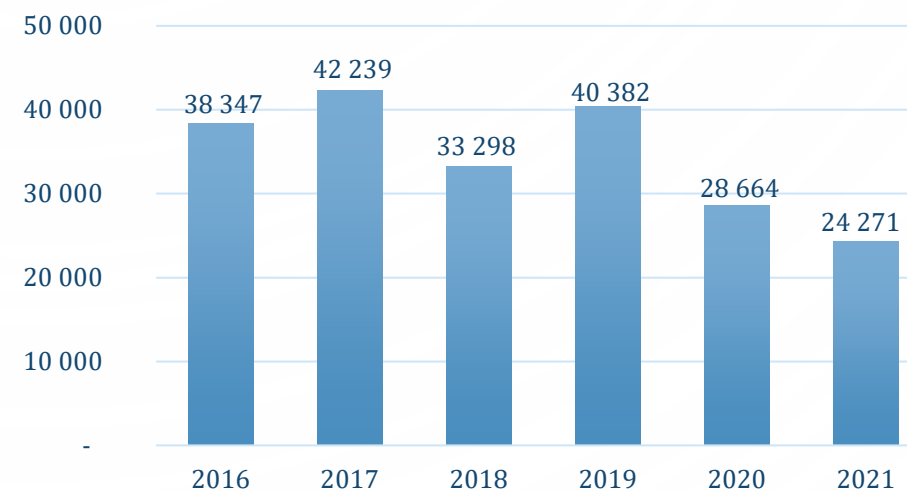
EBITDA



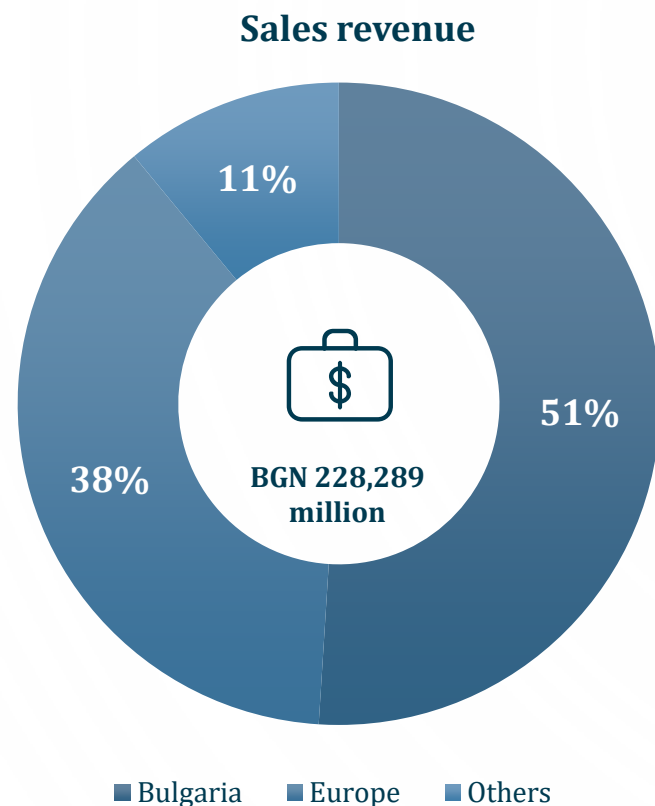
Operating profit



Net profit



“Sopharma” AD



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.



Preliminary 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.



Preliminary 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.

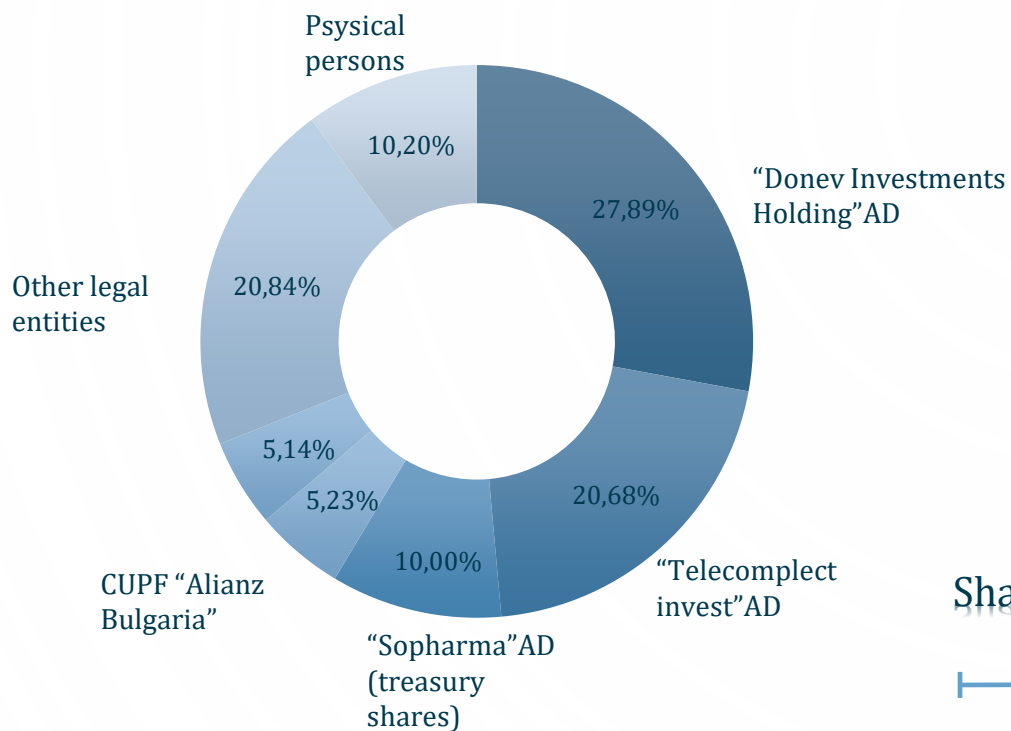


Alexandar Tchaoushev
Independent Member of the BoD

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

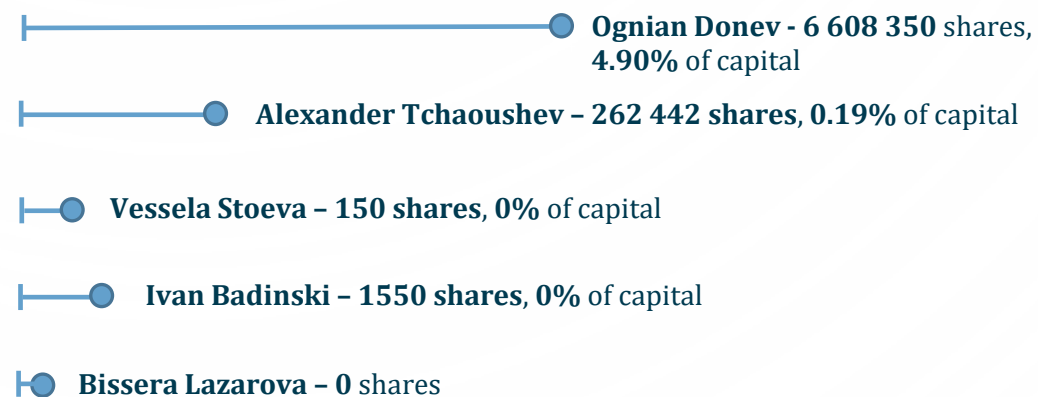
Mr. Chaushev is a member of the Board of Directors of "Sopharma" AD since 2011.

Shareholder structure at 31 December 2022



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

Shares of the Board of Directors as of 31 December 2022



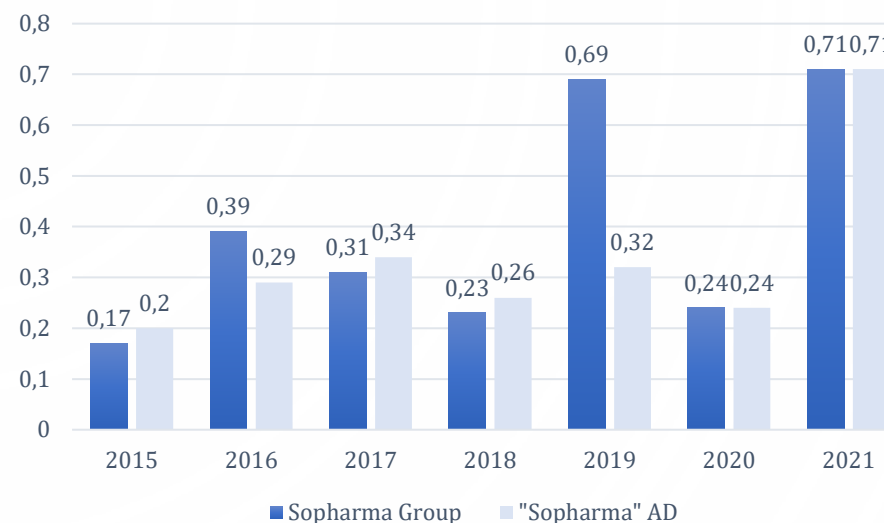
Shares of "Sopharma" AD



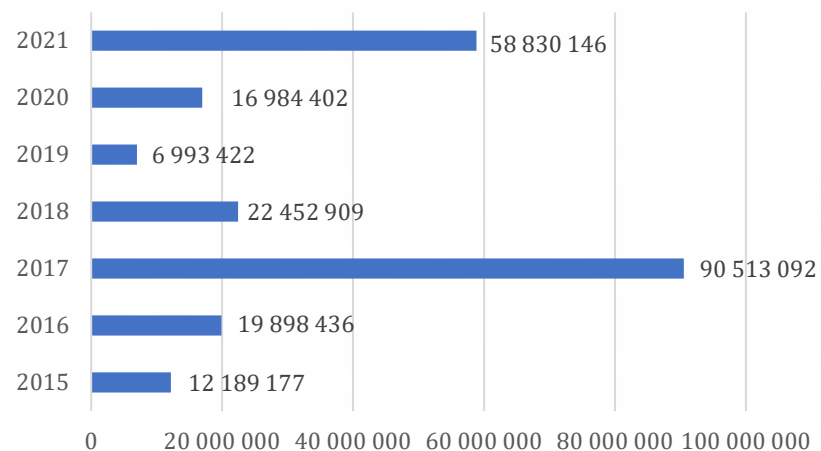
Price of the shares

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

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

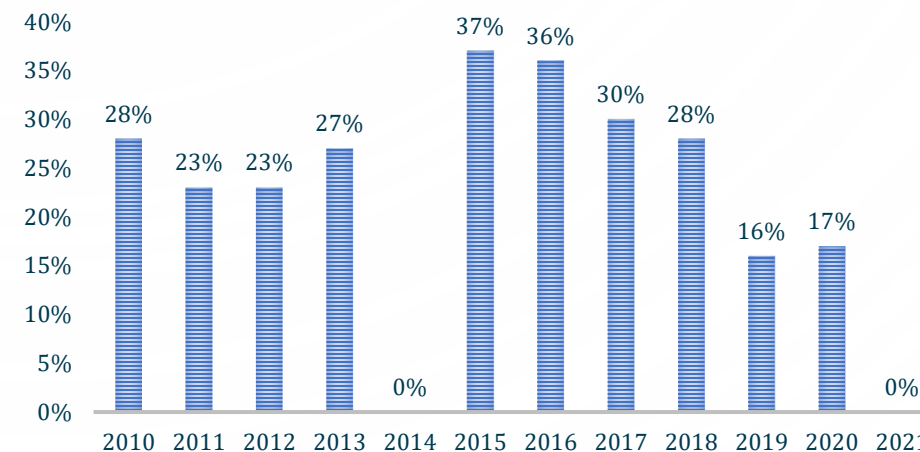


Dividend for 1 share in BGN

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
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





Preliminary individual financial results for 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 km²

Population

6.951 million

Member of EU

since 2007

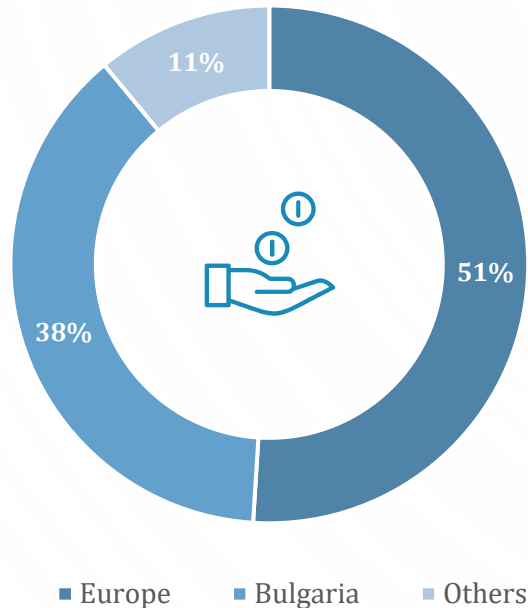
Source: NSI 2021

Revenues from sales of products



Revenues from contracts with customers are from sales of manufactured medicinal products and in 2022 will increase by BGN 30,5 million to BGN 22,3 million, compared to BGN 197,8 million in 2021.

Sales revenue



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

Sales of “Sopharma” AD on the domestic market increased by BGN 7,8 million or 9.8% in 2022 to BGN 86,9 million compared to BGN 79,1 million in 2021.

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



The company retains its market share and according to IQVIA data at the end of 2022 has a **2.48%** (tenth position) of the total Bulgarian pharmaceutical market in value and **9.46%** (first position) 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.



Preliminary individual financial results for 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 10,6 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 6,4 million.
- in the case of external services costs, the biggest change was in the costs of manufacturing medicines and the costs of consulting services, both of, which decreased by BGN 0,5 million.
- There is a more significant increase in the costs for heat and electricity, by BGN 3,1 million and BGN 1,2 million.

Operating expenses	1-12/2022	1-12/2021	Change	Rel. share of expenses
	BGN '000	BGN '000	%	2022
Changes in inventories of production and work in progress	10 093	792	92%	5%
Raw materials and consumables used	80 882	64 851	20%	39%
Hired services expense	35 784	35 001	2%	17%
Employee benefits expense	52 445	46 086	12%	25%
Depreciation and amortisation expense	18 189	17 545	4%	9%
Other operating expenses	11 934	4 335	64%	6%
Total operating expenses	209 327	168 610		100%

Financial income and expenses



Financial income decreased by BGN 3,8 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	relative share of income of
	BGN '000	BGN '000	%	2022 %
Income from interest on granted loans	2,559	2,505	-3%	72%
Equity income	1,520	682	-949%	4%
Income from fees for provided guarantees	493	442	100%	14%
Net profit from exchange differences on receivables from the sale of a subsidiary	214	266	-138%	6%
<i>Reimbursed impairment for credit losses under provided guarantees</i>	60	-	100%	2%
<i>Impairment for credit losses of receivables under guarantees provided</i>	(3)	-	2667%	0%
Net change in impairment on guarantees provided	57	-	-63%	2%
Net gain from exchange differences on lease contracts	10	-	-1220%	0%
Reimbursed impairment for credit losses on dividend receivables	-	1,293		0%
<i>Impairment for credit losses on commercial loan receivables</i>	-	(6)		0%
Reimbursed impairment for credit losses on commercial loan receivables	-	3,433		0%
Net change in impairment on granted loans	-	3,427		0%
Total	4 853	8 615		100%

Financial income and expenses

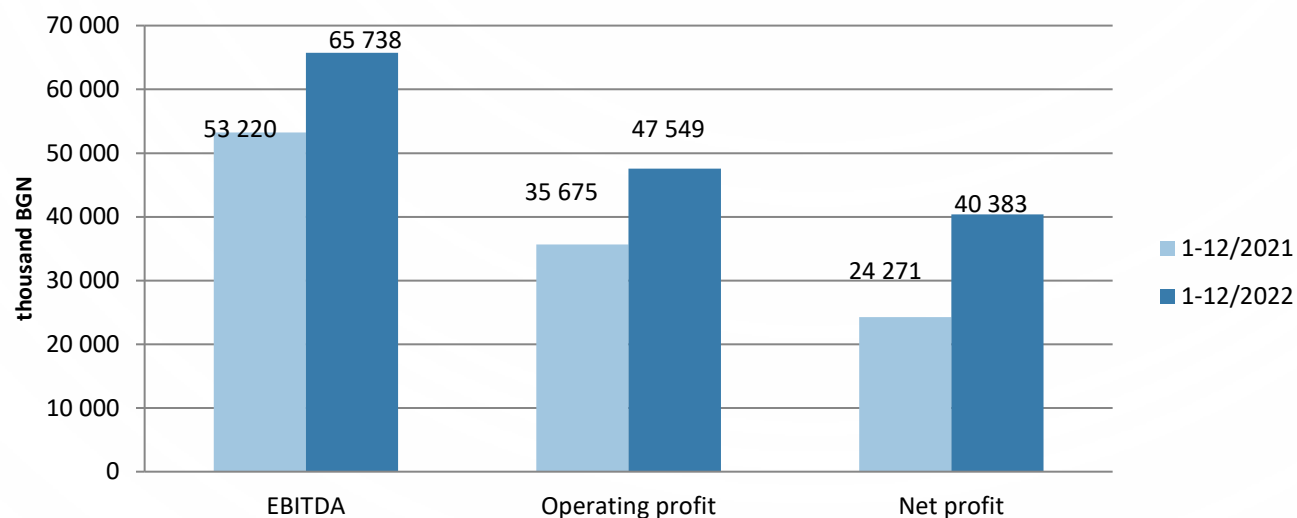
Financial expenses increased by BGN 1,5 million to BGN 3,1 million in 2022 the main reason being the accrued impairment of BGN 1,4 million per loans granted.

Financial expenses	1-12/2022	1-12/2021	Change %	relative share of expenses of 2022
<i>Impairment for credit losses on trade receivables</i>	1,360	-	100%	26%
<i>Reimbursed impairment for credit losses on commercial loans granted</i>	(3)	-	100%	0%
Net change in impairment on granted loans	1,357	-	100%	26%
<i>Accrued provision for financial guarantees</i>	780	312	60%	15%
<i>Reimbursed provision for financial guarantees</i>	(24)	(73)	-204%	0%
Net provision for financial guarantees	756	239	68%	14%
Bank fees and charges on loans and guarantees	480	410	15%	9%
Interest expense on loans received	402	755		8%
Interest expenses on leasing contracts	116	116		2%
Impairment for credit losses on fees for guarantees provided	-	59		0%
Net foreign exchange loss on leases	-	10		0%
Total	3 111	1 589		100%

Financial result of the activity



- **EBITDA** in 2022 increased by BGN 12,5 million, or by 23.5%, to BGN 65,7 million, compared to BGN 53,2 million in 2021.
- **Profit from operating activities** in 2022 increased by BGN 11,9 million or by 33.3% to BGN 47,5 million compared to BGN 35,7 million in 2021.
- **Net profit** in 2022 increased by BGN 16,1 million or by 66.4%, to BGN 40,4 million compared to BGN 24,2 million in 2021.



Assets

- **Non-current assets** compared to the end of 2021 increased by BGN 46,1 million to BGN 502,9 million, the most significant being the change in investments in subsidiaries and associated companies, which grew by BGN 9,6 million and with BGN 14,9 million as a result of additionally acquired shares from the capital of “Sopharma Trading” AD and “Sopharma Imoti” REIT.
- **Current assets** decreased by BGN 2,6 million to BGN 183 million, with a decrease in receivables from related enterprises in the amount of BGN 9,4 million, trade receivables by BGN 7,1 million and of cash in the amount of BGN 10,9 million, inventories increased 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	217 834	205 090	6%	20%
Intangible assets	4 247	4 324	-2%	0%
Investment property	49 267	47 302	4%	5%
Investments in subsidiaries	90 235	80 598	11%	8%
Investments in associates and joint ventures	69 372	54 485	21%	6%
Other long-term equity investments	4 706	5 706	-21%	0%
Long-term receivables from related parties	63 714	49 695	22%	6%
Other long-term receivables	3 526	9 546	-171%	0%
	502 901	456 746		72%
Current assets				
Inventories	82 621	63 222	23%	12%
Receivables from related parties	78 345	87 706	-12%	11%
Trade receivables	19 549	26 631	-36%	3%
Loans granted to third parties	8 317	1 804	78%	1%
Other receivables and prepayments	6 182	7 372	-19%	1%
Cash and cash equivalents	4 762	15 618	-228%	1%
	199 776	202 353		28%
TOTAL ASSETS	702 677	659 099	3%	100%

Owner`s equity and liabilities



- **The equity of “Sopharma” AD** increased by BGN 37,1 million to BGN 601,3 million as a result of the registered profit for the current year.

EQUITY	31.12.2022	31.12.2021	Change	rel. share compared to OE 2022
	BGN '000	BGN '000		
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	44 797	28 137	37%	7%
Total equity	601 329	564 203	6%	100%

- **Non-current liabilities** increased by BGN 17,2 million to BGN 39,6 million, as a result of an increase in long-term bank loans by BGN 5 million compared to the end of the previous year, as well as as a result of liabilities under concluded long-term leasing contracts with related parties in the amount of BGN 14,7 million.
- **Current liabilities** decreased by BGN 10,7 million to BGN 61,8 million, as a result of the decrease in short-term bank loans by BGN 46,7 million, financed by the realized free cash flow for the period and the available cash at the end of 2021.

LIABILITIES	31.12.2022	31.12.2021	Change	rel. share compared to total liabilities 2022
Non-current liabilities	BGN '000	BGN '000		
Long-term bank loans	11 729	6 750	42%	3%
Deferred tax liabilities	4 781	6 389	-34%	1%
Government grants	3 587	4 007	-12%	1%
Liabilities under leasing contracts to third parties	14 739	-	100%	3%
Obligations under leasing contracts to third parties	570	496	13%	0%
Long-term liabilities to staff	4 192	4 794	-14%	1%
	39 598	22 436	43%	39%
Current liabilities				
Short-term bank loans	8	46 663	-583188%	0%
Trade payables	41 133	12 671	69%	41%
Payables to related parties	2 615	1 609	38%	3%
Tax payables	930	700	25%	1%
Payables to personnel and for social security	9 398	8 034	15%	9%
Other current liabilities	7 666	2 783	64%	8%
	61 750	72 460	-17%	61%
TOTAL LIABILITIES	101 348	94 896	6%	100%
TOTAL OWNERS' EQUITY AND LIABILITIES	760 216	661 491	13%	



Preliminary individual financial results for 2022

New products, significant
events and risks

New developments and products

The following activities were carried out in October to December - 2022:

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

- Pharmaceutical development of **4** new medicinal products / projects is underway.



- During the reporting period, a marketing authorization was obtained for **1** 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 **14** medicinal products to agencies.
- Agency-approved **61** changes to medicinal products;
- **52** 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



ir@sopharma.bg
+3592 8134 556