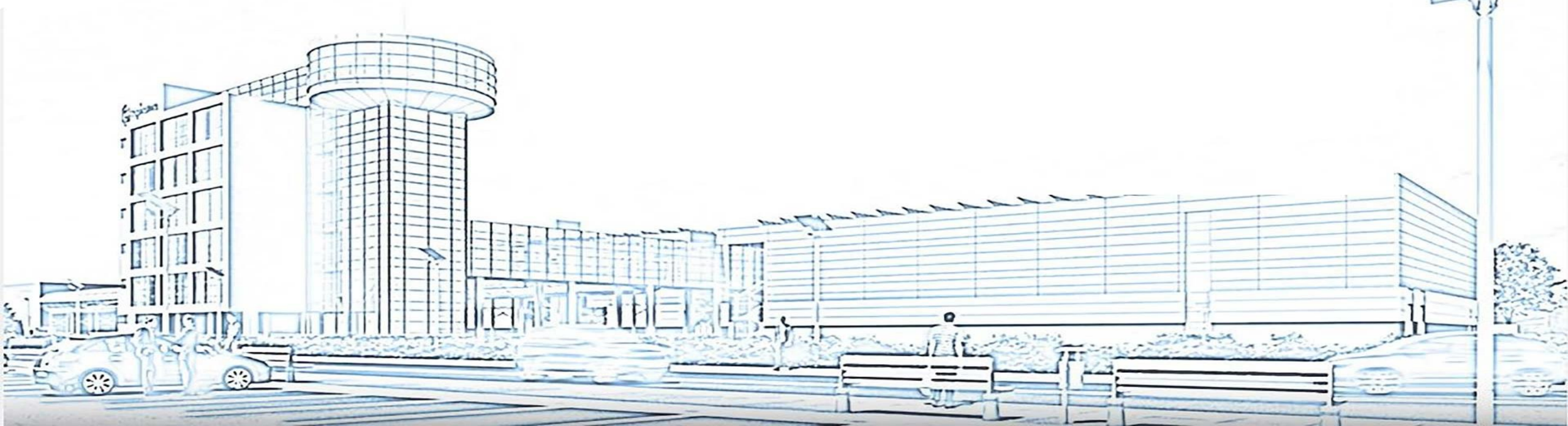


# Sopharma Group

Consolidated financial results for the first three months  
of 2020





Consolidated financial results for the first three months of 2020

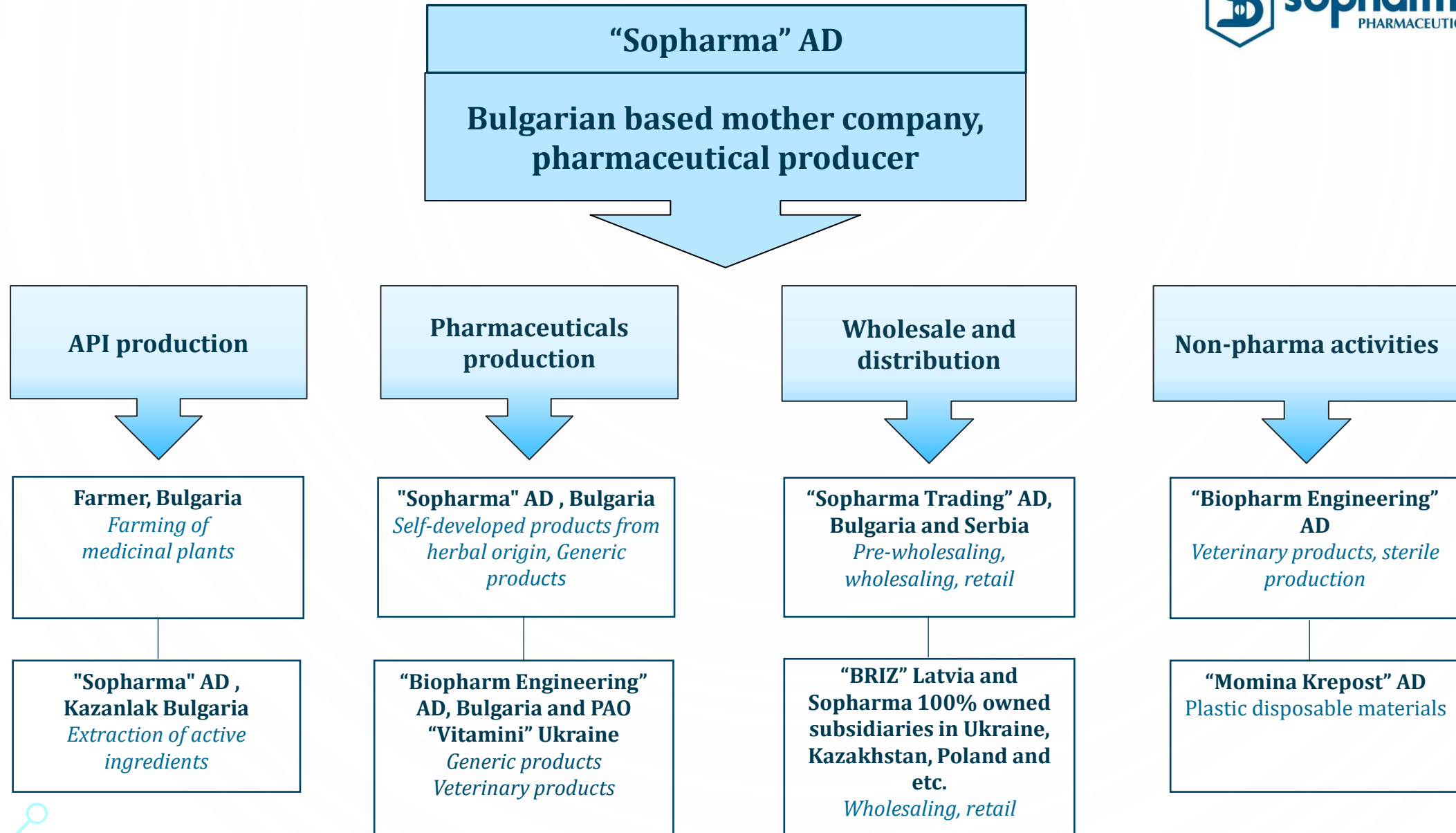
## Who are we?

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

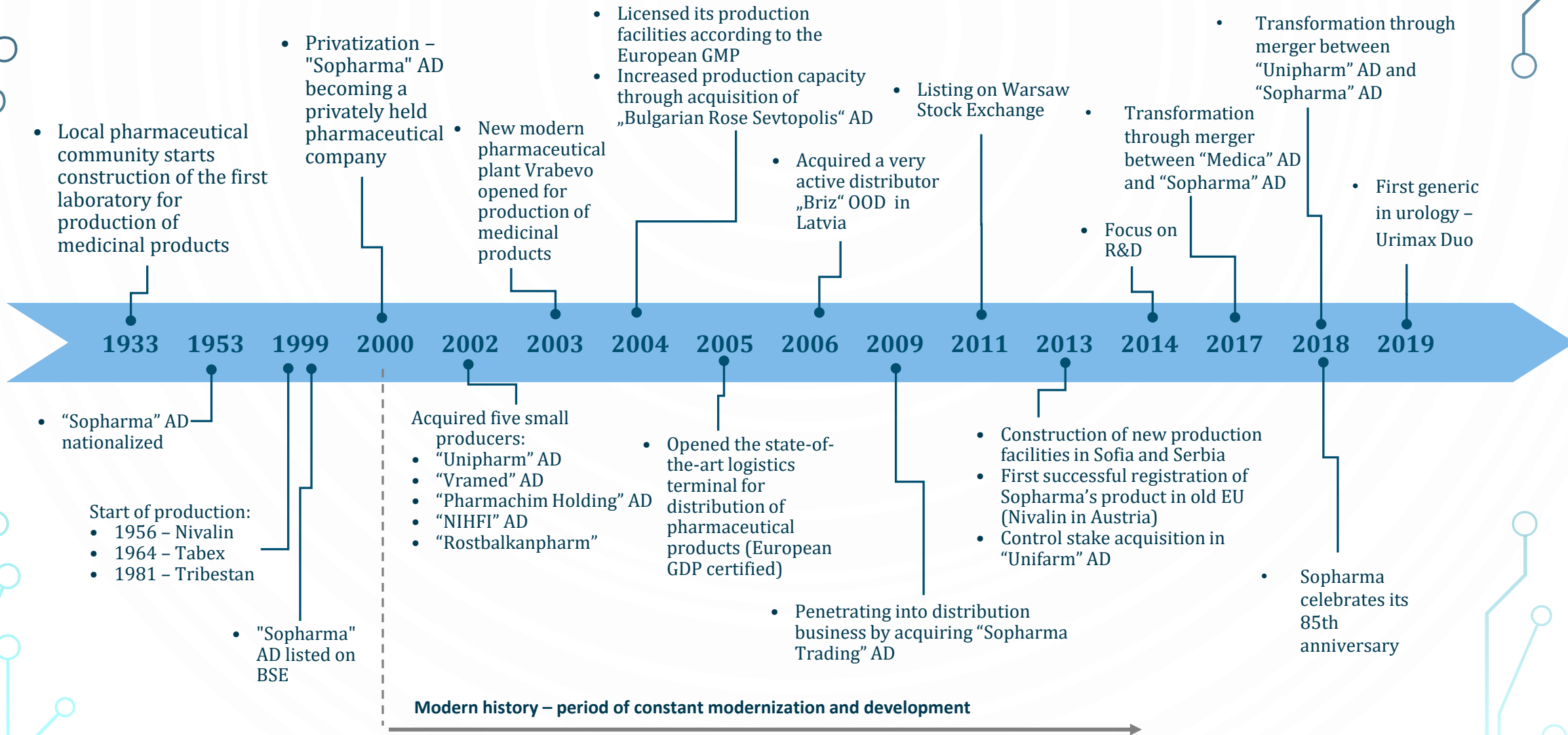
The Group works in the following areas:

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





# Brief history and key milestones:





Consolidated financial results for the first three months of 2020

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Our business

# Sopharma Group



49 subsidiaries and  
1 associated company



№1 manufacturer of  
ampules and suppositories



Revenues  
BGN 366 045  
thousand



More than 200  
products



Company with established  
traditions and experience



EBITDA  
BGN 27 178  
thousand



12  
manufacturing plants



134 797 899  
shares



employees  
5 210

# Key financial indicators



Sales revenues increase with 16.8%



EBITDA decreases with 3.3%



Operating profit decreases with 6.5%



Net profit decreases with 51.1%



Capex increases with 62.8%

Indicators	1-3/2020	1-3/2019
	<i>BGN '000</i>	<i>BGN '000</i>
Sales revenues	366 045	313 376
EBITDA	27 178	28 114
Operating profit	16 378	17 519
Net profit	8 418	17 226
CAPEX**	11 968	7 353
	<b>31.03.2020</b>	<b>31.12.2019</b>
	<i>BGN '000</i>	<i>BGN '000</i>
Non-current assets	627 979	626 172
Current assets	586 296	549 100
Owners' equity	585 233	575 772
Non-current liabilities	115 841	115 448
Current liabilities	513 201	484 052



# “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).

# Personnel



**5 210**

workers and  
employees

As at 31 March 2020, the average number of employees of Sopharma Group is 5 210 (compared to 5 163 in 2019). The average number of employees of “Sopharma” AD as at 31 March 2020 is 2 222 (at 2 275 in 2019) and of “Sopharma Trading” AD is 823 (compared to 833 in 2019).



Consolidated financial results for the first three months of 2020

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## Management, shares and dividends

# Sopharma 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 March 31, 2020

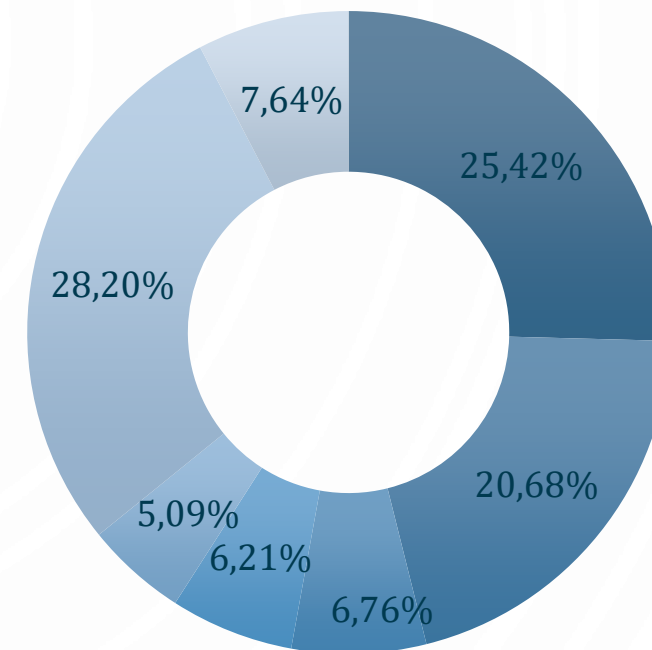


**134 797 899** shares with nominal value BGN 1 per share.



## Shareholder participation of the members of the Board of Directors:

- Ognian Donev – **1 661 000** shares, **1.23%** of capital and indirectly **34 267 577** shares 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	31.03.2020	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	125 838 931	125 896 515
Number of shares outstanding at the end of the period	125 684 432	125 684 432
Earnings per share in BGN <sup>1</sup>	0,654	0,691
Price per share at the end of the period in BGN	2,858	3,406
Price/Earnings ratio (P/E)	4,37	4,93
Book value per share in BGN <sup>2</sup>	4,503	4,427
Price/Book value ratio (P/B)	0,63	0,77
Sales per share in BGN <sup>3</sup>	10,62	10,197
Price per share / Sales per share (P/S)	0,27	0,33
Market capitalization in BGN	385 772 551	459 741 536

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

## Dividend policy

- “Sopharma” AD is a pioneer in the payment of a 6-month dividend and after the introduction of this legislative opportunity in 2018 the Company has been taking advantage of it for the third year.
- “Sopharma Trading” AD has a solid dividend policy, the payment is still over 50% from the achieved positive financial result.

### Dividend per share in BGN

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
"Sopharma" AD	0.085	0.07	0.07	0.07	none	0.07	0.10	0.11	0.05	0.05
"Sopharma Trading" AD	0.15	0.17	0.20	0.23	0.27	0.30	0.30	0.30	0.30	0.30

### Dividend payout ratio

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
"Sopharma" AD	28%	23%	23%	27%	none	37%	36%	30%	28%	16%
"Sopharma Trading" AD	75%	85%	91%	91%	82%	82%	74%	70%	55%	51%



Consolidated financial results for the first three months of 2020

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## Key markets



# Republic of Bulgaria: Demography and key economic indicators

## GDP (BGN million)



## GDP per capita

BGN 17,008 (€ 8,678)

## GDP growth 2019 and 2018

3.4% growth

## Currency

BGN fixed to the euro from 1998  
(€ 1 = BGN 1,96)

Health budget 2020:  
BGN 5 billion

Pharmaceutical industry:  
99% private



## Area

111.000 km<sup>2</sup>

## Population

6.951 million

## Member of EU

since 2007

Source: NSI 2019

## Sales revenues from products

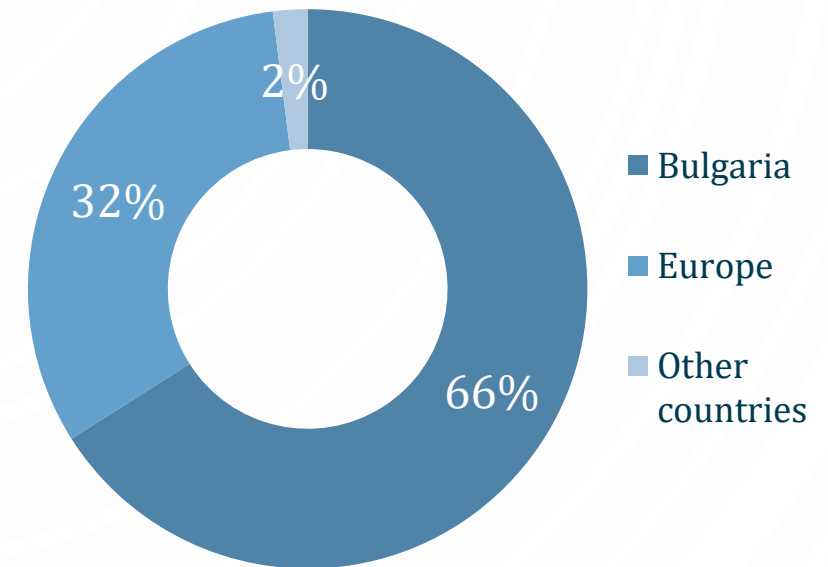
- **Sales revenues of the Group** increase with BGN 52,7 million or 17%, reaching BGN 336,1 million in the first three months of 2020 compared to BGN 313,4 million in the first three months of 2019.

- **Europe**

Revenues from sales of the Group in Europe amount to 32% of total consolidated sales revenues for the first three months of 2020 and increase with 12% compared to the first three months of 2019.

- **Bulgaria**

The contribution of sales in Bulgaria to the consolidated sales revenue in the first three months of 2020 amounted to 66%, increasing by 19% compared to the first three months of 2019.



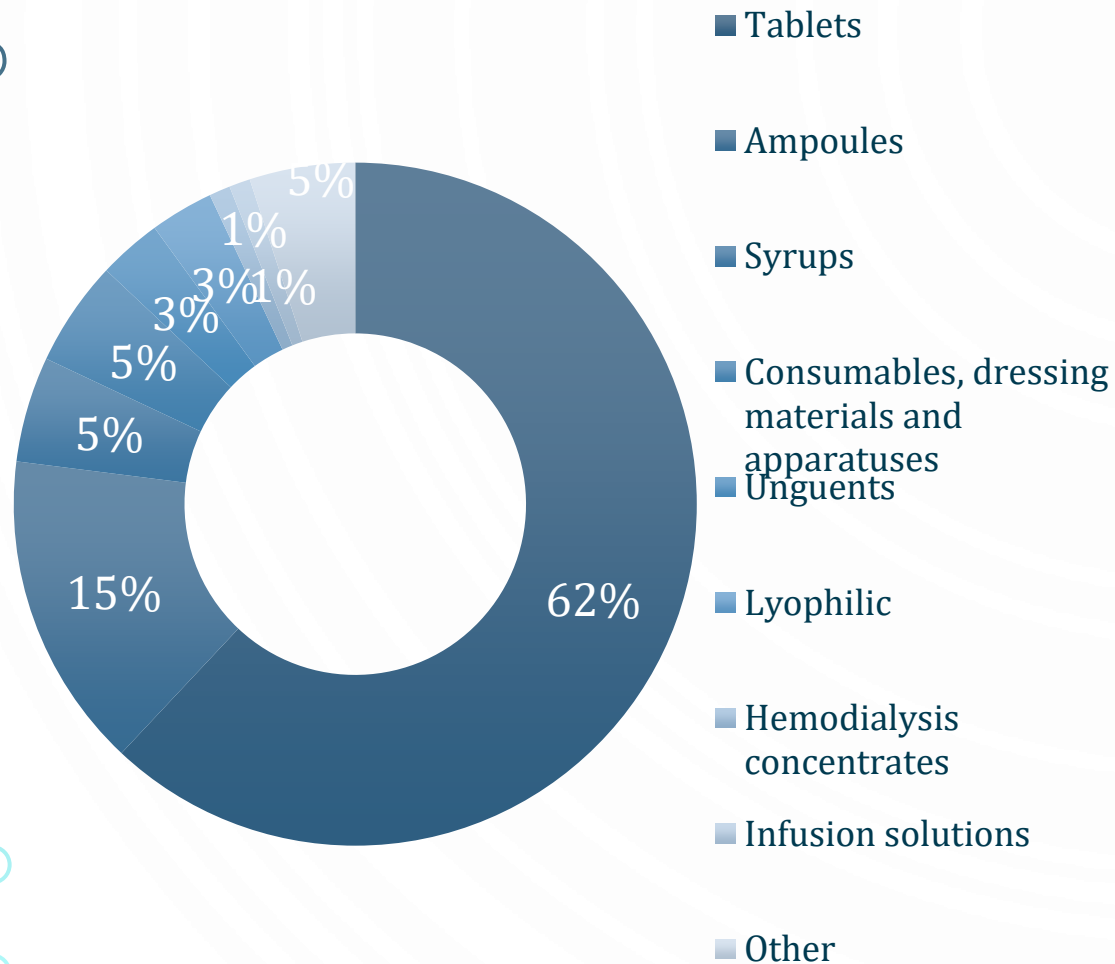


Consolidated financial results for the first three months of 2020

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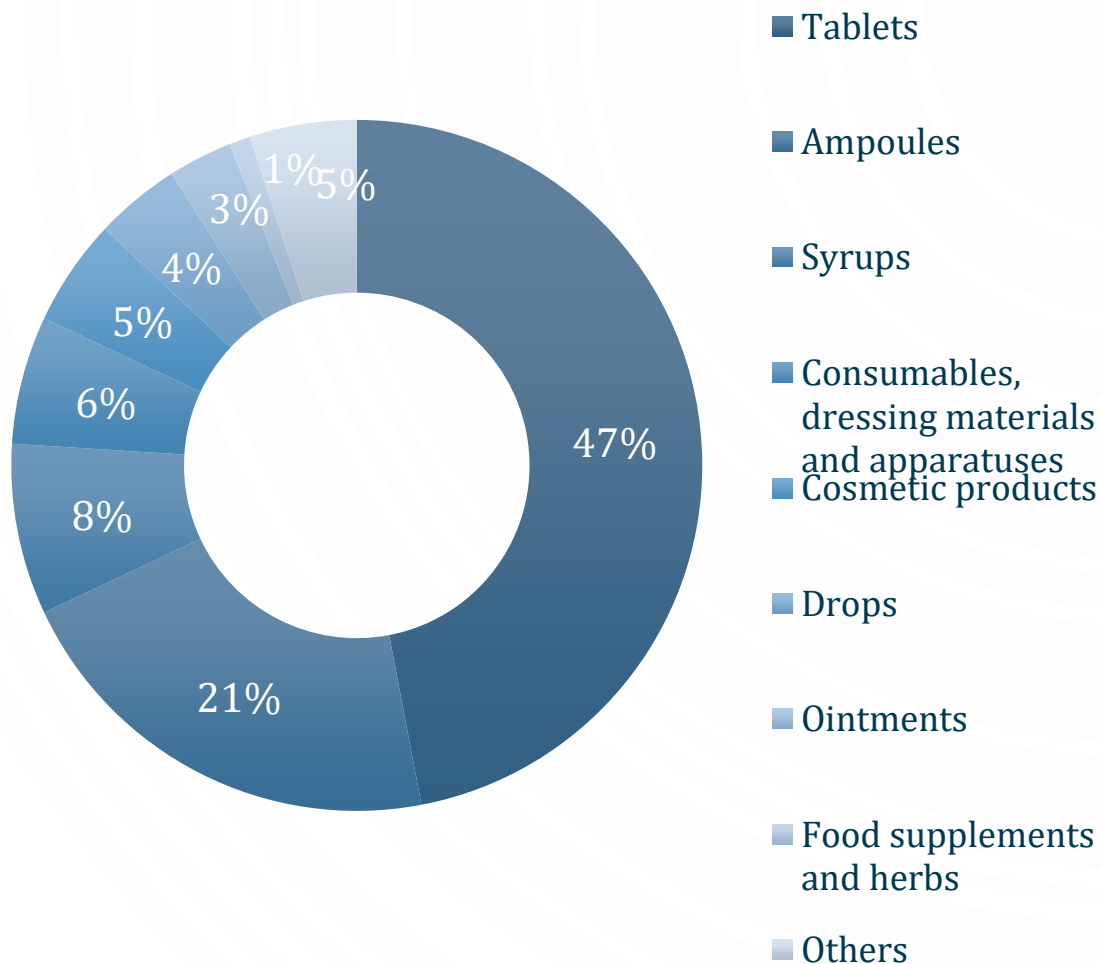
## Key financial indicators of Sopharma Group

# Sales by type of formulation



Revenues from products	1-3/2020	1-3/2019	Change
	<i>BGN '000</i>	<i>BGN '000</i>	%
Tablets	44 476	43 950	1%
Ampoules	11 154	8 450	32%
Syrups	3 570	2 670	34%
Consumables, dressing materials and apparatuses	3 529	2 755	28%
Lyophilic products	2 366	1 490	59%
Ointments	1 968	2 187	-10%
Concentrates for hemodialysis	349	443	-21%
Inhaler products	63	619	-90%
Other	3 729	2 378	57%
<b>Total</b>	<b>71 204</b>	<b>64 942</b>	<b>9.6%</b>

# Revenue earned from sale of goods



Revenue from sale of goods	1-3/2020 BGN '000	1-3/2019 BGN '000	Change %
Tablets	139 262	121 686	4%
Ampoules	54 119	47 581	-2%
Syrups	24 799	23 319	30%
Consumables, dressing materials and apparatuses	18 602	7 949	3%
Cosmetic products	16 002	7 493	126%
Drops	12 524	16 622	49%
Ointments	8 638	6 473	-1%
Food supplements and herbs	5 577	5 436	-19%
Others	15 318	11 875	-3%
<b>Total</b>	<b>294 841</b>	<b>248 434</b>	<b>19%</b>

## Other operating income



- **Other operating income** decrease by BGN 1,6 million in the first three months of 2020, compared to BGN 2,9 million in the first three months of 2019 due to a increase in the net losses of exchange rate differences from trade receivables and current liabilities accounts with BGN 1 million.



Other operating income	1-3/2020	1-3/2019	Change	Rel. share
	BGN '000	BGN '000	%	2020
Services rendered	1 237	2 184	-43%	93%
Profit / (loss) on trade receivables and payables and current accounts	(997)	(38)	2524%	-75%
Government grants	239	198	21%	18%
Rents	228	209	9%	17%
Services related to social activities and events	123	150	-18%	9%
Profit from sale of long-term assets	82	73	12%	6%
Interests on current accounts	59			4%
Other	365	179	104%	27%
<b>Total other operating income</b>	<b>1 336</b>	<b>2 955</b>	<b>-55%</b>	<b>100%</b>

# Operating expenses



- **Operating** expenses increase to BGN 351 million in the first three months of 2020;
- The expenses of **materials** decrease by BGN 0,2 million or 1% to BGN 22,8 million in the first three months of 2020;
- **External services** expenses increase by BGN 1,9 million or by 10% to BGN 19,7 million in the first three months of 2020;
- **Personnel** expenses increase by BGN 0,2 million or by 2% to BGN 10,6 million in the first three months of 2020;
- **Other operating** expenses decrease by BGN 0,3 million or 16% to BGN 1,6 million in the first three months of 2020;
- **Depreciation** expenses increase by BGN 0,2 million or 2% to BGN 10,8 million in the first three months of 2020.

<b>Operating expenses</b>	<b>1-3/2020</b>	<b>1-3/2019</b>	<b>Change</b>	<b>Rel.</b>
	<i>BGN '000</i>	<i>BGN '000</i>	<b>%</b>	<b>share</b>
Changes in inventories of finished goods and work in progress	(985)	(3 605)	73%	0%
Materials	22 790	22 951	-1%	6%
External services	19 648	17 782	10%	6%
Personnel	32 771	30 738	7%	9%
Depreciation and amortization	10 800	10 595	2%	3%
Carrying amount of goods sold	264 335	218 400	21%	75%
Other operating expenses	1 644	1 951	-16%	0%
<b>Total operating expenses</b>	<b>351 003</b>	<b>298 812</b>	<b>17%</b>	<b>100%</b>

# Financial income



**Financial income** decrease by BGN 0,7 million to BGN 1,3 million in the first three months of 2020 compared to BGN 2 million in the first three months of 2019, mainly due to an decrease in interest income on overdue trade receivables by BGN 0,7 million.

<b>Financial income</b>	<b>1-3/2020</b>	<b>1-3/2019</b>	<b>Change</b>	<b>Rel. share</b>
	<i>BGN '000</i>	<i>BGN '000</i>	%	%
Income on loans extended	835	415	101%	62%
Interest income on overdue trade receivables	320	1 029	-69%	24%
Net profit from operations with investments in securities	92	119	-23%	7%
Net profit from exchange differences on the sale of a subsidiary	80	65	23%	6%
Interest income on bank deposits	8	19	-58%	1%
Interest on receivables under special contracts	3	9	-67%	0%
Net foreign exchange gains on foreign currency loans and leases	-	160	-100%	0%
Net change in the impairment adjustment for credit losses on trade receivables	-	243	-100%	0%
<b>Total</b>	<b>1 338</b>	<b>2 059</b>	<b>-35%</b>	<b>100%</b>



## Financial expenses



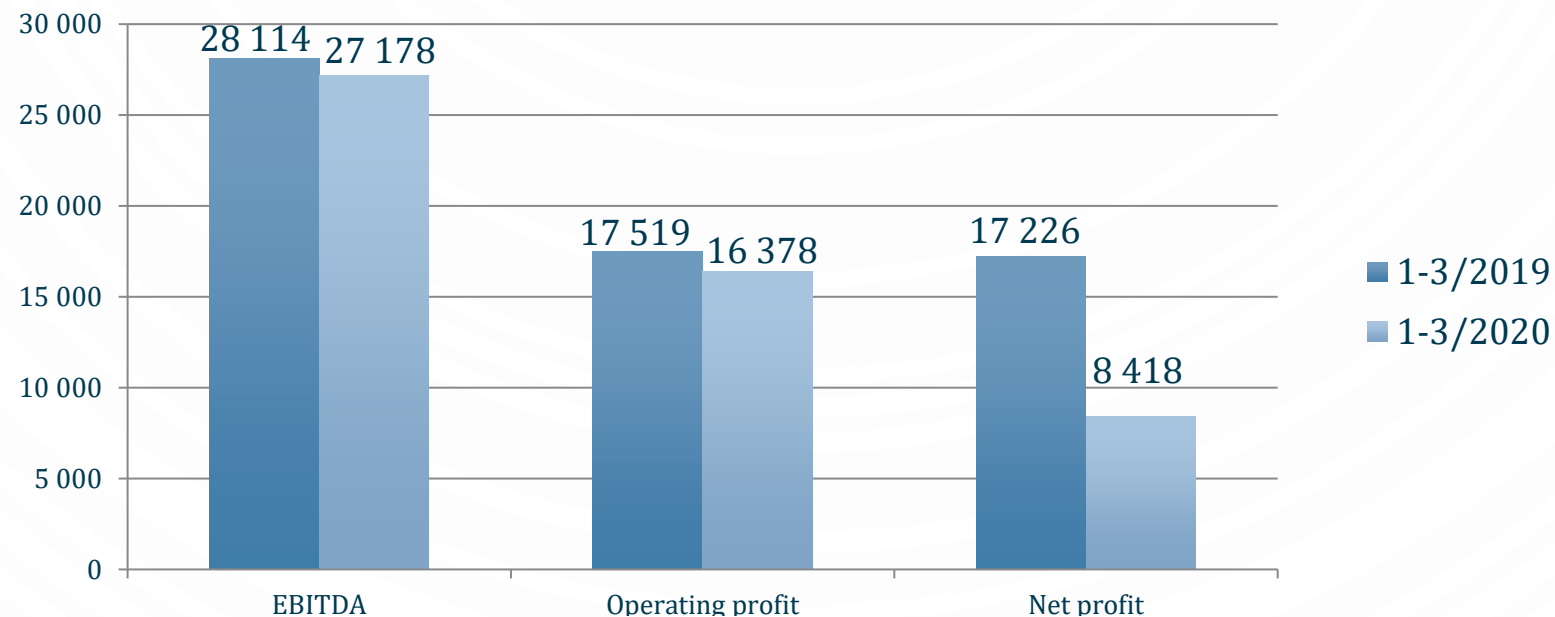
**Financial expenses** increase by BGN 4,5 million from BGN 2,9 million in the first three months of 2019 to BGN 7,4 million in the first three months of 2020, mainly due to an increase in net loss from exchange rate differences on foreign currency loans and lease agreements by BGN 4,4 million.

**Net financial revenues (expenses)** changed by BGN (5,2) million to BGN (6) million as at 31 March 2020 compared to BGN (0,8) million at 31 December 2019.

<b>Financial expenses</b>	<b>1-3/2020</b>	<b>1-3/2019</b>	<b>Change</b>	<b>Rel. share</b>
	<i>BGN '000</i>	<i>BGN '000</i>	%	%
Net foreign exchange loss on foreign currency loans and leases	4 392	-		60%
Interest expense on loans received	2 285	2 127	7%	31%
Lease interest expenses	367	434	-15%	5%
Bank fees on loans and guarantees	187	217	-14%	3%
Interest expense under factoring agreement	129	107	21%	2%
<b>Total</b>	<b>7 360</b>	<b>2 885</b>	<b>155%</b>	<b>100%</b>

## Financial result of the activity

- **EBITDA** decreases by BGN 0,9 million or by 3%, while in the first three months of 2020 it amounted to BGN 28,1 million compared to BGN 27,2 million in the first three months of 2019.
- **Profit from operating activities** decreases by BGN 1,1 million or by 7%, to BGN 16,4 million in the first three months of 2020 compared to BGN 17,2 million in the first three months of 2019.
- **Net profit** decreases by BGN 8,8 million or 51% to BGN 8,4 million in the first three months of 2020 compared to BGN 17,2 million in the first three months of 2019.



# Assets

- **Total assets** increase by BGN 39 million or by 3% to BGN 1 214,3 million as at 31.03.2020, mainly due to an increase in the non-current and current assets.
- **Non-current assets** increase by BGN 1,8 million or by 0.3%, mainly due to a increase in other long-term capital investments by BGN 2,9 million, long-term receivables from related companies by BGN 0,9 million and other long-term receivables by BGN 0,6 million.
- **Current assets** increase by BGN 37,2 million or 7%, to BGN 586,3 million as at 31.03.2020 compared to BGN 549,1 million as at 31.12.2019 in the part of trade receivables with BGN 29,2 million inventories by BGN 1,4 million, receivables from related companies by BGN 0,7 million and other short-term receivables and assets by BGN 6,8 million.
- **Cash and cash equivalents** decrease by BGN 0,9 million as compared to 31.12.2019.

Assets	31.03.2020 BGN '000	31.12.2019 BGN '000	Change %	Rel. share 2020 %
<b>Non-current assets</b>				
Property, plant and equipment	377 184	378 625	0%	60%
Intangible assets	41 468	42 829	-3%	7%
Goodwill	15 681	15 909	-1%	2%
Investment property	11 277	10 856	4%	2%
Investments in associated companies and joint ventures	63 532	62 985	1%	10%
Other long-term capital investments	12 978	10 079	29%	2%
Long-term receivables from related parties	92 686	91 794	1%	15%
Other long-term receivables	11 224	10 674	5%	2%
Deferred taxes	1 949	2 421	-19%	0%
	<b>627 979</b>	<b>626 172</b>	0.3%	52%
<b>Current assets</b>				
Inventories	231 248	229 873	1%	39%
Trade receivables	284 862	255 660	11%	49%
Receivables from related parties	7 859	7 112	11%	1%
Other receivables and prepayments	1 462	1 462		
Cash and cash equivalents	34 241	27 480	25%	6%
	26 624	27 513	-3%	5%
<b>TOTAL ASSETS</b>	<b>586 296</b>	<b>549 100</b>	6.8%	48%
	<b>1 214 275</b>	<b>1 175 272</b>	3.3%	100%

# Owner`s equity and liabilities – non-current liabilities



- **The equity of Sopharma Group** increases by BGN 9,5 million compared to 31.12.2019, mainly due to an increase in retained earnings and reserves.
- The equity related to the equity holders of the Company is 47% of the total equity and liabilities and there is improvement in the financial autonomy of the Group. The letter increases by BGN 9,6 million mainly due to the undistributed profit and reserves.
- **Non-current liabilities** increase by BGN 0,4 million, or 0,3%, from BGN 115,4 million at the end of 2019 to BGN 115,8 million at 31.03.2020, mainly from increase in long-term bank loans by BGN 2,5 million.

EQUITY	31.03.2020	31.12.2019	Change	From owners' equity 2020
	BGN '000	BGN '000	%	%
<b>Equity attributable to owners of the parent company</b>				
Share capital	134 798	134 798	0%	23%
Reserves	59 577	60 977	-2%	10%
Retained earnings	371 639	360 656	3%	64%
	<b>566 014</b>	<b>556 431</b>	2%	97%
<b>NON-CONTROLLING INTEREST</b>	19 219	19 341	-1%	3%
<b>TOTAL EQUITY</b>	<b>585 233</b>	<b>575 772</b>	2%	100%
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>			%	%
Long-term bank loans	59 339	56 832	4%	9%
Deferred tax liabilities	8 093	8 196	-1%	1%
Long-term liabilities to related parties	2 504	2 972	-16%	0%
Long-term liabilities to personnel	6 396	6 626	-3%	1%
Finance lease liabilities	25 167	25 840	-3%	4%
Government grants	10 409	10 940	-5%	2%
Other non-current liabilities	3 933	4 042	-3%	1%
	<b>115 841</b>	<b>115 448</b>	0%	18%

# Current liabilities



- **Increase:**
  - trade liabilities by BGN 28,1 million;
  - short-term part of long-term bank loans by BGN 6,4 million;
  - liabilities to related companies with BGN1,2 million;
  - payables to personnel and social security by BGN 0,7 million;
  - tax liabilities by BGN 3,5 million.

- **Decrease:**
  - liabilities under factoring contracts by BGN 11,2 million;

Total liabilities on bank loans, leasing and factoring of the Group decrease by BGN 1,7 million compared to the end of 2019, with the net debt after deduction of cash and cash equivalents decrease by BGN 0,8 million.

<b>Current liabilities</b>	<b>1-3/2020 BGN '000</b>	<b>1-3/2019 BGN '000</b>	<b>Change %</b>	<b>Rel. share</b>
Short-term bank loans	281 198	274 829	2%	45%
Short-term of long-term bank loans	17 832	16 730	7%	3%
Trade payables	144 531	116 407	24%	23%
Payables to related parties	8 822	7 668	15%	1%
Payables on contract for factoring	13 534	24 772	-45%	2%
Current portion of finance lease liabilities	10 213	10 012	2%	2%
Payables to the personnel and for social security	16 117	15 418	5%	3%
Tax payables	10 693	7 217	48%	2%
Other current liabilities	10 261	10 999	-7%	2%
	<b>513 201</b>	<b>484 052</b>	6%	82%
<b>TOTAL LIABILITIES</b>	<b>629 042</b>	<b>599 500</b>	5%	100%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 214 275</b>	<b>1 175 272</b>	3.3%	

# Cash flow and ratios



- Net cash flows in the first three months year of 2020 generated:
  - from operating activities - BGN 44,6 million outflow;
  - From investment activities - BGN 15,2 million outflow;
  - from financial activities - BGN 58,9 million inflow.
- As a result of these activities, cash and cash equivalents decrease net by BGN 0,9 million and as of 31.03.2020 amount to BGN 26,5 million, compared to BGN 27,4 million as of 01.01.2020.

	31.03.2020	31.12.2019
ROE <sup>1</sup>	15,7%	17,1%
ROA <sup>2</sup>	7,1%	7,8%
Asset turnover <sup>3</sup>	1,16	1,15
Current liquidity <sup>4</sup>	1,14	1,13
Quick ratio <sup>5</sup>	0,69	0,66
Cash/current liabilities <sup>6</sup>	0,05	0,06
Owners' equity/liabilities <sup>7</sup>	0,93	0,96
	31.03.2020	31.03.2019
	BGN '000	BGN '000
Net cash flow from/ (used in) operations	(44 584)	(28 504)
Net cash flow used in investment activities	(15 248)	(65 909)
Net cash flow (used in)/from financial operations	58 941	90 136
<b>Net increase/(decrease) of cash and cash equivalents</b>	<b>(891)</b>	<b>(4 277)</b>
Cash and cash equivalents on 1 January	27 362	24 129
<b>Cash and cash equivalents on 31 March</b>	<b>26 471</b>	<b>19 852</b>

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

<sup>2</sup> Net profit on an annual basis attributable to equity holders of the Company / arithmetic mean of total assets for the last five half years

<sup>3</sup> Revenue from sales on an annual basis / arithmetic mean of total assets over the last five half years

<sup>4</sup> Current assets / current liabilities

<sup>5</sup> Receivables + Cash / Current liabilities

<sup>6</sup> Cash / Current liabilities

<sup>7</sup> Own capital / Liabilities

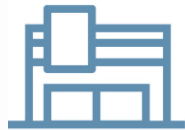


Consolidated financial results for the first three months of 2020

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## Production activity: "Sopharma" AD

# Production activity and major products – "Sopharma" AD



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





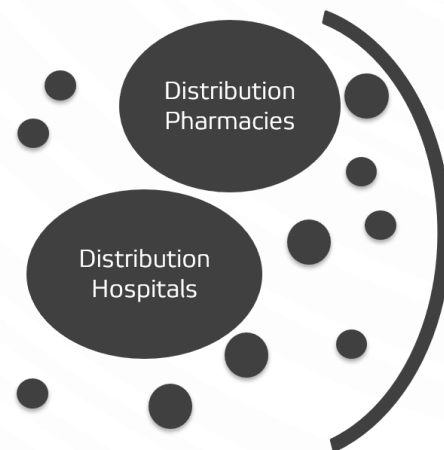
Consolidated financial results for the first three months of 2020

## Major subsidiaries

## Distribution – „Sopharma Trading“ AD

- The company was established and registered in 1993 as "Sanita Trading" Ltd.
- In 1998 it was transformed into a joint-stock company.
- In 2005 the name of the company became “Sopharma Trading” AD.
- The subject of activity is wholesale and retail trade of medicines and sanitary materials; transport and forwarding activities; purchase, construction and furnishing of real estate for sale; all other commercial transactions not prohibited by law.
- The company strives to diversify its operations so that from a purely distribution company to become a fully integrated provider of comprehensive, innovative and quality healthcare services on the market.

2006 PHARMA DISTRIBUTOR



2020 HEALTHCARE PROVIDER



## “Sopharma Trading” AD offers:



**15 000** pharmaceuticals products.



**Turnkey solutions** for hospitals.



**100% coverage on the territory of Bulgaria** and access to any point of the country within 4 hours.

Distribution service through our own fleet of **more than 130 vehicles**.

**Complete logistics solutions** for import, storage and distribution of goods to end customers.



More than **3000 clients**.

## Key highlights:

- **100%** national distribution coverage in Bulgaria and Serbia with four regional distribution centers.
- Daily deliveries to **3,500 pharmacies and 350 medical establishments**.
- The company also offers a **pre-distribution service** - warehousing and logistics services for pharmaceutical products.
- The national logistics coverage in Bulgaria is implemented through **three** bases in Sofia, Varna and Veliko Tarnovo.
- The warehouse of “Sopharma Trading” AD in Sofia is the **most modern** pharmaceutical logistics terminal in Bulgaria.

<b>Indicators</b>	<b>1-3/2020</b> <i>BGN '000</i>	<b>1-3/2019</b> <i>BGN '000</i>
Revenues from sales	230 561	193 826
Net profit	6 103	5 811
Net profit per share	0.18	0.18
Assets	436 134	414 606
Owners' equity	105 333	99 230
Shares	34 276	34 276

# Management and shares



BGN **34 276 050** share capital.



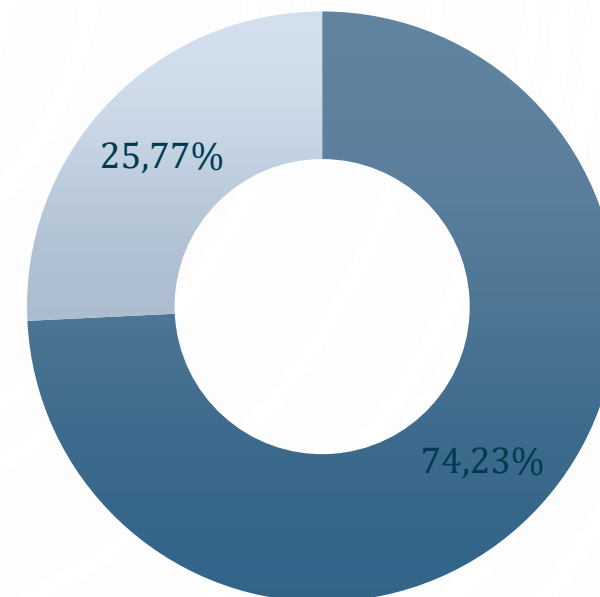
Ordinary registered shares with value of BGN 1 per share.



**Shareholder participation** of the members of the Board of Directors:

- Ognian Donev – Chairman – **983 570** shares, **2.87%** of capital.
- Dimitar Dimitrov – member and Executive Director – **233 439** shares, **0.68%** of capital.
- Angel Yordanov – member – **10** shares.

## Shareholder structure at 31.03.2020



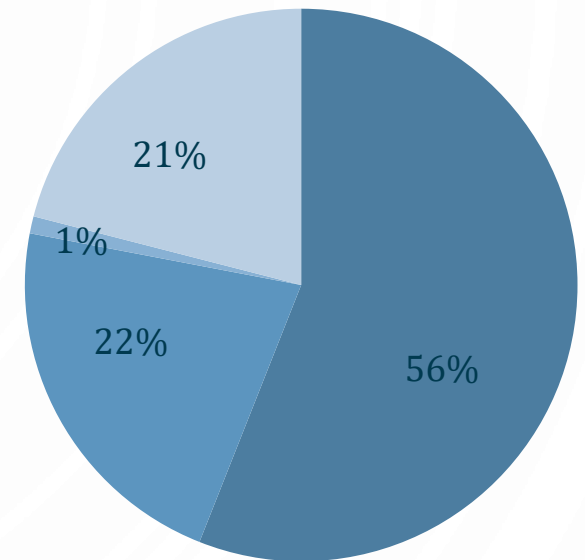
- "Sopharma" AD
- Physical persons, under 5%

# Development

- “Sopharma Trading” AD is actively working to expand its market positions in the various segments in which it operates - hospital and pharmacy.
- In 2015, the Company started the development of its retail chain of pharmacies under the SOpharmacy brand.
- The annual average market growth rate in Europe will be 2-5%.
- The market for medicinal products in developed countries in the EU will grow at a very slow pace (an average of 0.8% annually).
- Major trends in the „wholesale drug industry“:
  1. Consolidation of participants in this market;
  2. Expanding our own portfolio of products focused on cosmetics and OTC;
  3. Cost minimization in supply chain management;
  4. Digitalization the sector and analyzing Big Data based processes.



Revenues by market



- Pharmacy market
- Hospital market
- Apparatus
- Wholesaler

## Production activity – “Biopharm Engineering” AD

- “Biopharm Engineering” AD has modern production units and is continuously expanding and modernizing its production capacities.
- The strategy of “Biopharm Engineering” AD steps on the market and technological advantages of the company.
- The company has a Good Manufacturing Practice Certificate (GMP). It is successfully developing in the following areas:
  - Manufacture of infusion solutions;
  - Production of injection solutions;
  - Manufacture of veterinary medical preparations;
- Main Markets:
  - The manufactured infusion solutions are realized through “Sopharma” AD on both the Bulgarian and the international market.
  - Veterinary medical products are available in Bulgaria and other European countries.



## Production activity – PAO “Vitamini”, Ukraine

- PAO “Vitamini” manufactures and sells medicines, tablets, powders, oil solutions, syrups and tinctures.
- Production of the medicines of PAO “Vitamini” is highly effective, of excellent quality, affordable prices and is sold successfully not only in Ukraine and the CIS.
- At present, the production takes place in the following production sites:
  - for liquid dosage forms;
  - two production sites for solid dosage forms;
  - production site for extraction;
  - tincture production;
  - tincture production;
  - production of powdered products.





## Distribution – SIA Briz, Latviq

- Directions:
  - Distribution of medicines and food supplements;
  - Distribution of cosmetics and perfumery;
  - Registration of medicines in Latvia, Lithuania, Estonia, Belarus, Bulgaria;
  - Presentation of medicines manufactured in third countries in the European Union;
  - Marketing support for products on the mentioned markets;
- The company is developing, successfully and possesses the necessary certificates.
- The mission of the company is to meet the needs of customers in natural, effective and modern medicines and cosmetics, nutritional supplements that improve health and quality of life.
- The main objective of the company is to increase the sales of the portfolio of products of "Sopharma" AD in the markets of Latvia, Lithuania, Estonia and Belarus.





Consolidated financial results for the first three months of 2020

## New products, significant events and risks

# New developments and products



- By the end of 2020, it is expected that 1 to 3 new products will be introduced.
- During the reporting period **7** food supplement for Bulgaria, Azerbaijan, Lithuania and Kyrgyzstan were notified.
- **14** cosmetic products were notified in Georgia (two), Moldova (two), Poland (two), Kazakhstan (two) Ukraine (two), Armenia (two) and Kyrgyzstan ( two);
- **18** medical supplies were registered in the Ukraine (two) and Macedonia (sixteen);
- Submission of documentation for the renewal of the Marketing Authorizations for **52** medicinal products to agencies.
- **239** changes for medicinal products approved by agencies.
- **320** changes made for medicinal products to the agencies.
- There is a pharmaceutical development of **10** new medicinal products;
- **11** medicinal products have been transferred / undergoing transfer and **13** manufacturing processes / technologies have been validated / optimized.



## Significant events during the reported period



- On 22 January 2020, “Sopharma” AD began to pay the gross dividend of 5 cents per share voted at the General Meeting of Shareholders on December 13, 2019.
- On 31 January 2020 a merger of SOOO “Brizpharm”, Belarus into OOO “Bellerofon”, Belarus was registered, by merging the assets and liabilities of the two companies.
- As of 2 March 2020, OOO “Zdorovey Pharm”, Belarus is a subsidiary through OOO “Zdorovey”, Belarus, as OOO “Zdorovey” owns 65% of the capital of OOO “Zdorovey Pharm”..
- On 19 March 2020, “Sopharma Trading” AD announced the conclusion of a contract for the acquisition of the SCS Franchise pharmacy group.
- On 22 April 2020, “Sopharma” AD received BGN 30 million, which were paid interest and loans from an associated company and a company controlled by it (“Doverie - Obedinen Holding” AD and “Doverie Invest” AD).
- “Sopharma” AD and “Sopharma Trading” convene a AGM on 05.06.2020 from 11:00 and 14:00. in Sofia city, 5 Lachezar Stanchev Str., Sopharma Business Towers, Ground floor, Sopharma Event Center.
- “Sopharma Buildings” REIT convenes a AGM on 16.06.2020 from 15:00.



## 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 assurance that the Company will be able to pay dividends in accordance with its dividend policy or at all in any given year.
4. Operational risk, which is inherent to its business activities.
5. The macroeconomic environment has a significant effect on the Group's operations and position.
6. 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

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