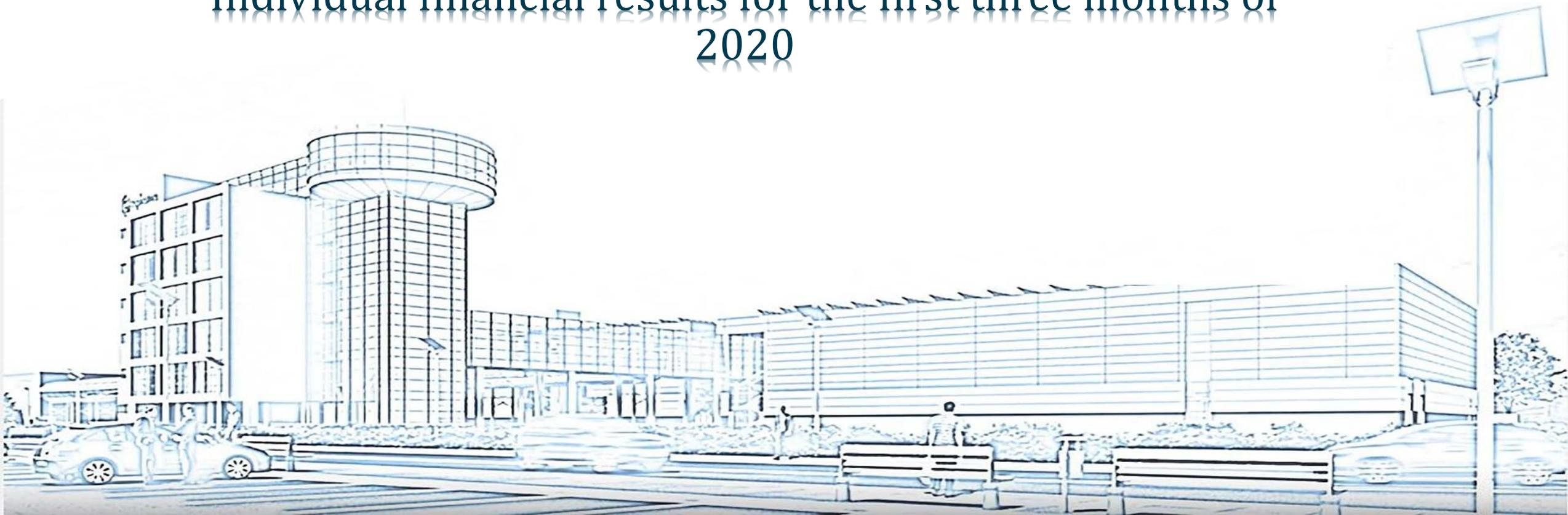


# “Sopharma” AD

Individual financial results for the first three months of  
2020





Individual financial results for the first three months of 2020

Who are we?

## "Sopharma" AD

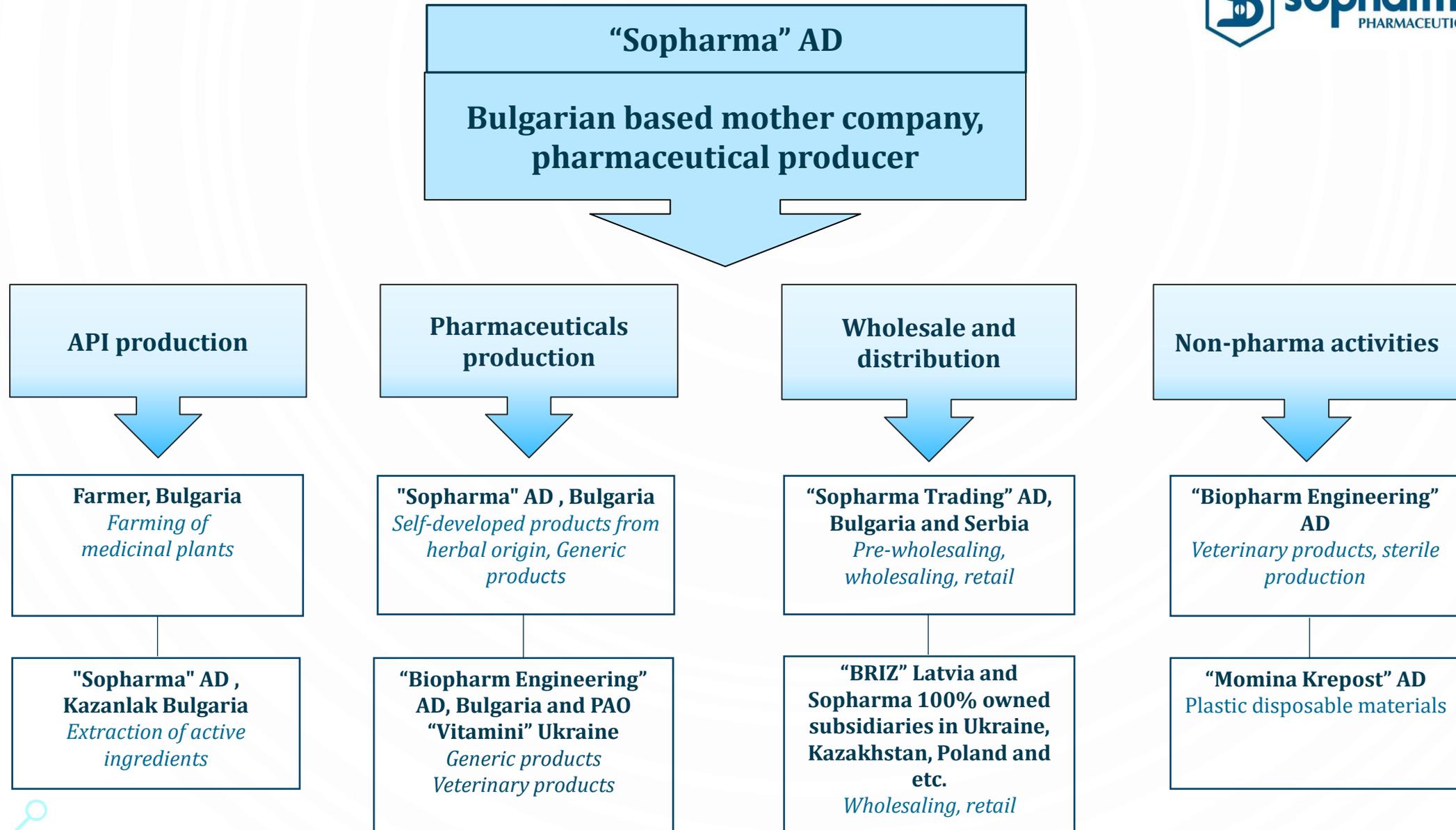


"Sopharma" AD is a leading, **vertically-integrated** Bulgarian **manufacturer**, exporter and **distributor** of pharmaceutical and other health related products with a strong presence in **Southern and Eastern Europe**, offering a wide range of prescription and OTC pharmaceutical products and other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

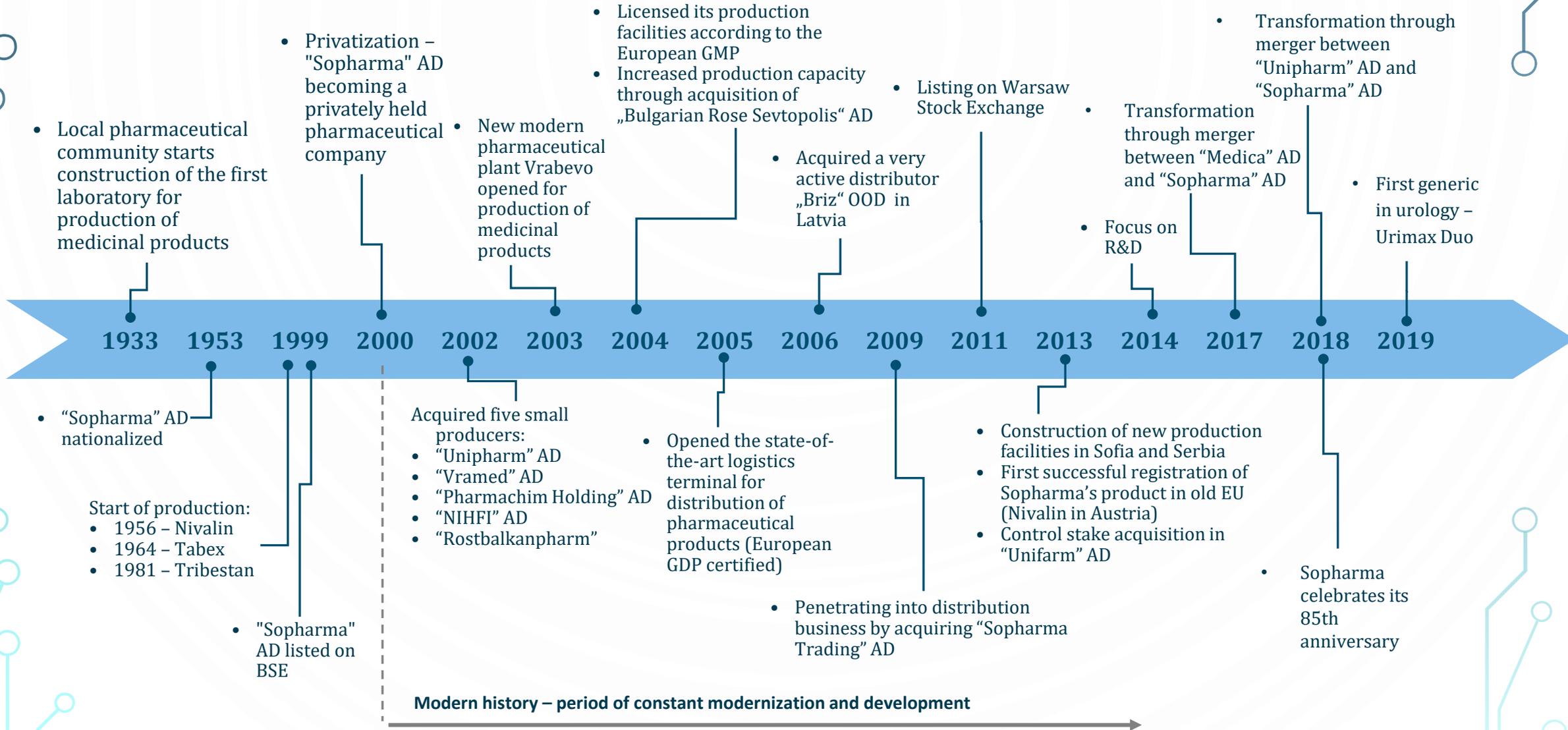
The Company works in the following areas:

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





# Brief history and key milestones:





Individual financial results for the first three months of 2020

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Our business

# "Sopharma" AD



Established in 1933



№1 manufacturer of  
ampules and suppositories



Revenues  
BGN 50 170  
thousand



More than 200  
products



Company with established  
traditions and experience



EBITDA  
BGN 13 532  
thousand



10  
manufacturing plants



134 797 899  
shares



employees  
2 222

# Key financial indicators



Sales revenues decrease with 3.8%



EBITDA decreases with 18.8%



Operating profit decreases with 25.7%



Net profit decreases with 32.7%



Capex increases with 38.7%

Indicators	1-3/2020	1-3/2019
	<i>BGN '000</i>	<i>BGN '000</i>
Sales revenues	50 170	52 174
EBITDA	13 532	16 673
Operating profit	9 012	12 133
Net profit	8 680	12 894
CAPEX**	4 030	2 906
	31.03.2020	31.12.2019
Non-current assets	480 226	477 027
Current assets	216 711	201 738
Owners' equity	530 449	522 644
Non-current liabilities	18 471	20 667
Current liabilities	148 017	135 454
	1-3/2020	1-3/2019
<b>Ratios</b>		
EBITDA / Sales revenues	27.0%	32.0%
Operating profit/ Sales revenues	18.0%	23.3%
Net profit/ Sales revenues	17.3%	24.7%
	31.03.2020	31.12.2019
Borrowed capital/Owners' equity	0,31	0,30
Net debt**/ EBITDA	1,9x	1,7x

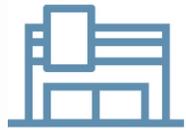


Individual financial results for the first three months of 2020

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## Production activity: "Sopharma" AD

# Production activity and major products – "Sopharma" AD



**10** 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.

# “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



**2 222**

workers and employees.

- The training policy is specifically aimed at providing professional competences and information concerning the requirements for health and safety at work.
- The training policy is specifically aimed at providing professional competences and information concerning the requirements for health and safety at work.
- Employees are entitled to higher additional remuneration required by applicable law for overtime, night shifts and work on Saturdays, Sundays and holidays.

	31.03.2020	Rel. Share %
<b>Number of workers and employees as at March 31, 2020</b>	2 246	100%
Higher education	951	43%
College education	46	2%
Secondary education	1176	53%
Primary education	34	2%
Employees under 30 years	206	9%
Employees 31 - 40 years	405	18%
Employees 41 - 50 years	629	29%
Employees 51 - 60 years	753	34%
Employees over 60 years	214	10%
Women	1390	63%
Men	817	37%



Individual 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

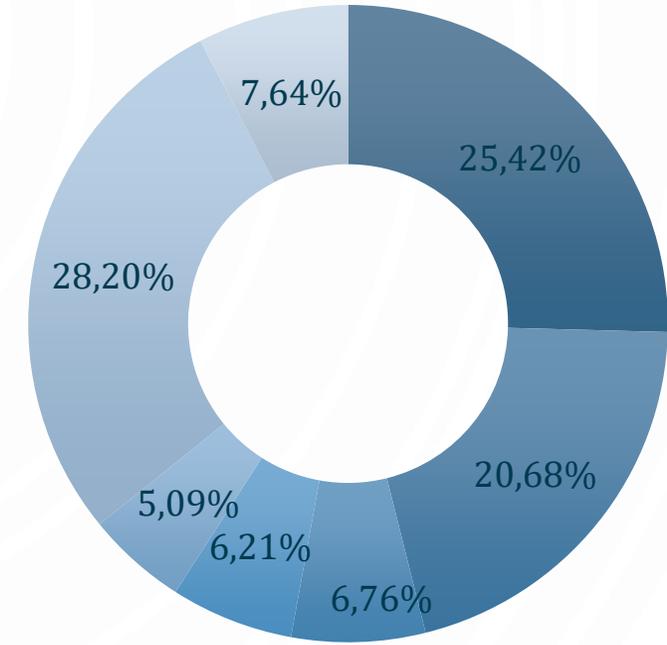


**134 797 899** shares with nominal value BGN 1 per share.



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

- Ognian Donev – directly **1 661 000** shares, **1.23%** of capital and indirectly **34 267 577** shares, **25.42%** 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
Net earnings per share in BGN <sup>1</sup>	0,288	0,321
Price per share at the end of the period in BGN	2,858	3,406
Price/Earnings ratio (P/E)	9,92	10,61
Book value per share in BGN <sup>2</sup>	4,220	4,158
Price/Book value ratio (P/B)	0,68	0,82
Sales per share in BGN <sup>3</sup>	1,820	1,835
Price per share / Sales per share(P/S)	1,57	1,86
Market capitalization in BGN	385 772 551	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

## 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
"Sopharma" AD	0.085	0.07	0.07	0.07	none	0.07	0.10	0.11	0.05	0.05

### 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 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 from products** for the first three months of 2020 decrease by BGN 2 million or by 4%, to BGN 49,8 million compared to BGN 51,8 million in the first three months of 2019.

- **Europe**

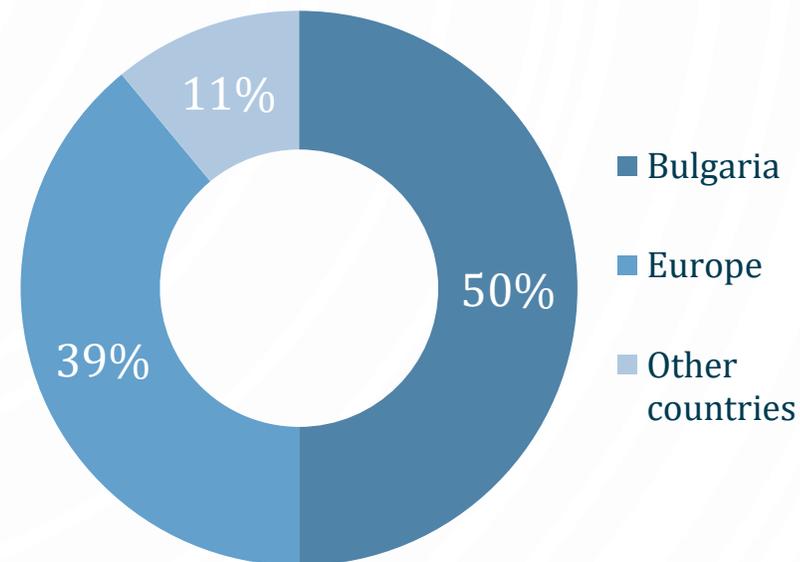
Sales revenues for European countries decrease by 10% compared to the first three months of 2019 due to the decrease of sales in Russia with 38% and Balkan countries with 21%. Sales to Ukraine with 47%, Balkan countries, Poland, Moldova and others have increased.

- **Bulgaria**

Sales of “Sopharma” AD in the domestic market retain their value to BGN 19,6 million. "Sopharma" AD has a 3% share of the total Bulgarian pharmaceutical market in value and 11% of sales in volume.

- **Other markets**

Revenues from other markets increase with 19% compared to the first three months of 2019, mainly as a result of an increase of the export for Vietnam.



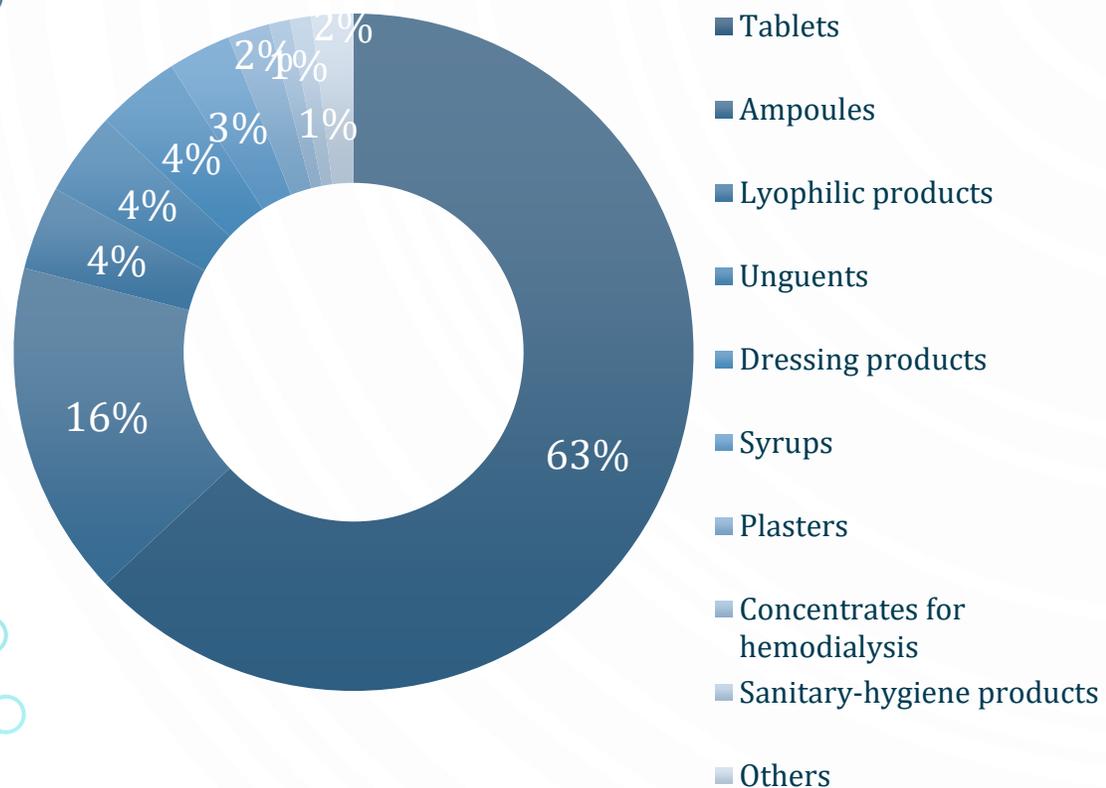


Individual financial results for the first three months of 2020

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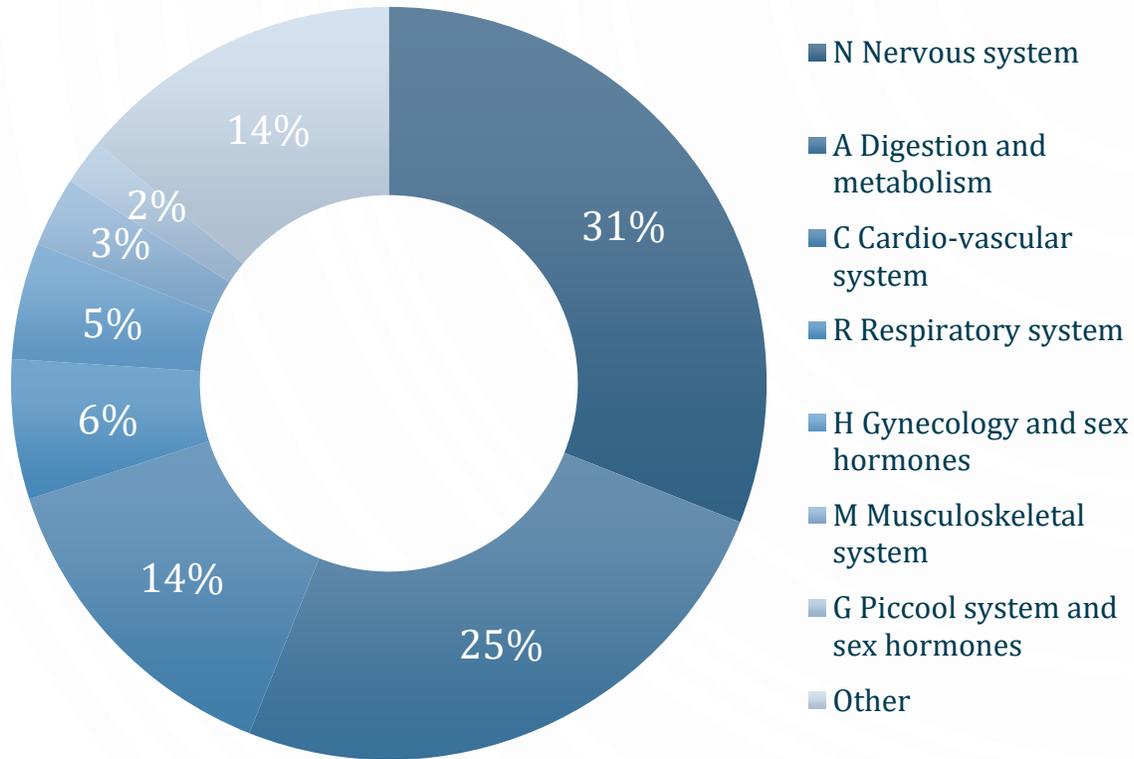
## Key financial indicators of “Sopharma” AD

# Sales by type of formulation



Revenues by type of formulation	1-3/2020	1-3/2019	Change %
	BGN '000	BGN '000	
Tablets	31 622	35 337	-11%
Ampoules	7 980	7 080	13%
Lyophilic products	2 262	1 401	61%
Unguents	2 218	2 232	-1%
Dressing products	1 888	1 656	14%
Syrups	1 580	1 215	30%
Plasters	784	808	-3%
Concentrates for hemodialysis	349	443	-21%
Sanitary-hygiene products	201	184	9%
Others	896	1 420	-37%
<b>Total</b>	<b>49 780</b>	<b>51 776</b>	<b>-4%</b>

# Sales by therapeutic group



Revenues by therapeutic group	1-3/2020 BGN '000	1-3/2019 BGN '000	Change %
N Nervous system	15 354	15 714	-2%
A Digestion and metabolism	12 677	16 740	-24%
C Cardio-vascular system	6 826	5 753	19%
R Respiratory system	3 059	3 504	-13%
H Gynecology and sex hormones	2 268	1 444	57%
M Musculoskeletal system	1 527	1 037	47%
G Piccool system and sex hormones	1 237	993	25%
Other	6 832	6 590	4%
<b>Total</b>	<b>49 780</b>	<b>51 776</b>	<b>-4%</b>

## Other operating income



- **Other operating income** increase by BGN 0,2 million in the first three months of 2020 compared to the first three months of 2019 mainly in the part of the amounts awarded, profit from sale of long-term assets and decrease of losses from exchange rate differences under trade receivables and payables and current accounts.



	1-3/2020	1-3/2019	Change	Rel. share
	BGN '000	BGN '000	%	2020
<b>Other operating income</b>				
Services rendered	678	697	-3%	60%
Amounts awarded	166	5	3220%	15%
Revenues from financing through European projects	135	135	0%	12%
Profit from sale of long-term assets	65	7	829%	6%
Profit from sale of goods	51	44	16%	5%
Profit from sale of materials	11	20	-45%	1%
Net loss on exchange differences under trade receivables and payables and current accounts	7	(38)	-118%	1%
Other (see Notes to the FS)	16	50	-68%	1%
<b>Total other operating income</b>	<b>1 129</b>	<b>920</b>	<b>23%</b>	<b>100%</b>

# Operating expenses



- **Operating** expenses increase by BGN 1,3 million to BGN 42,3 million in the first three months of 2020;
- The expenses of **materials** decrease by BGN 1,2 million or 7% to BGN 17,9 million in the first three months of 2020;
- **External services** expenses increase by BGN 1,1 million or 14% to BGN 8,9 million in the first three months of 2020;
- **Personnel** expenses increase by BGN 0,6 million or by 5% to BGN 12,9 million in the first three months of 2020;
- **Other operating** expenses increase by BGN 0,05 million in the first three months of 2020, mainly in the part of scrap of finished goods and representative events;
- **Depreciation** expenses decrease by BGN 0,02 million or by 0.4%, retaining their value from BGN 4,5 million.
- **Changes in inventories of finished goods and work in progress** have an impact on the increase in operating expenses by BGN 0,8 million.

Operating expenses	1-3/2020	1-3/2019	Change	Rel.
	BGN '000	BGN '000		share
			%	2020
				%
Changes in inventories of finished goods and work in progress	(2 511)	(3 337)	25%	-6%
Materials	17 901	19 157	-7%	42%
External services	8 877	7 789	14%	21%
Personnel	12 958	12 316	5%	31%
Depreciation and amortization	4 520	4 540	0%	11%
Other operating expenses	542	496	9%	1%
<b>Total</b>	<b>42 287</b>	<b>40 961</b>	<b>3.2%</b>	<b>100%</b>

# Financial income



## Financial income:

- Decrease by BGN 1,4 million to BGN 1,1 million in the first three months of 2020 compared to BGN 2,5 million in the first three months of 2019, mainly in the part of net profit from transaction with securities, shareholding income.

<b>Financial income</b>	<b>1-3/2020</b>	<b>1-3/2019</b>	<b>Change</b>	<b>Rel. share</b>
	<b>BGN '000</b>	<b>BGN '000</b>	<b>%</b>	<b>2020</b>
				<b>%</b>
Income from interest on loans granted	974	549	77%	92%
Net gain on exchange differences on the sale of a subsidiary	88	65	35%	8%
Income from shareholding	-	1 293	-100%	0%
<i>Impairment reimbursement of credit losses from commercial loans granted</i>	-	327	-100%	0%
<i>Net gain on transactions with investments in securities</i>	-	228	-100%	0%
<i>incl. profits from the sale of investments in subsidiaries</i>	-	186	-100%	0%
<b>Total</b>	<b>1 062</b>	<b>2 462</b>	<b>-57%</b>	<b>100%</b>

# Financial expenses



- **Financial expenses**

Increase by BGN 0,09 million to BGN 0,4 million in the current period of 2020, due to an increase in interest expense on loans received and bank fees on loans and guarantees.

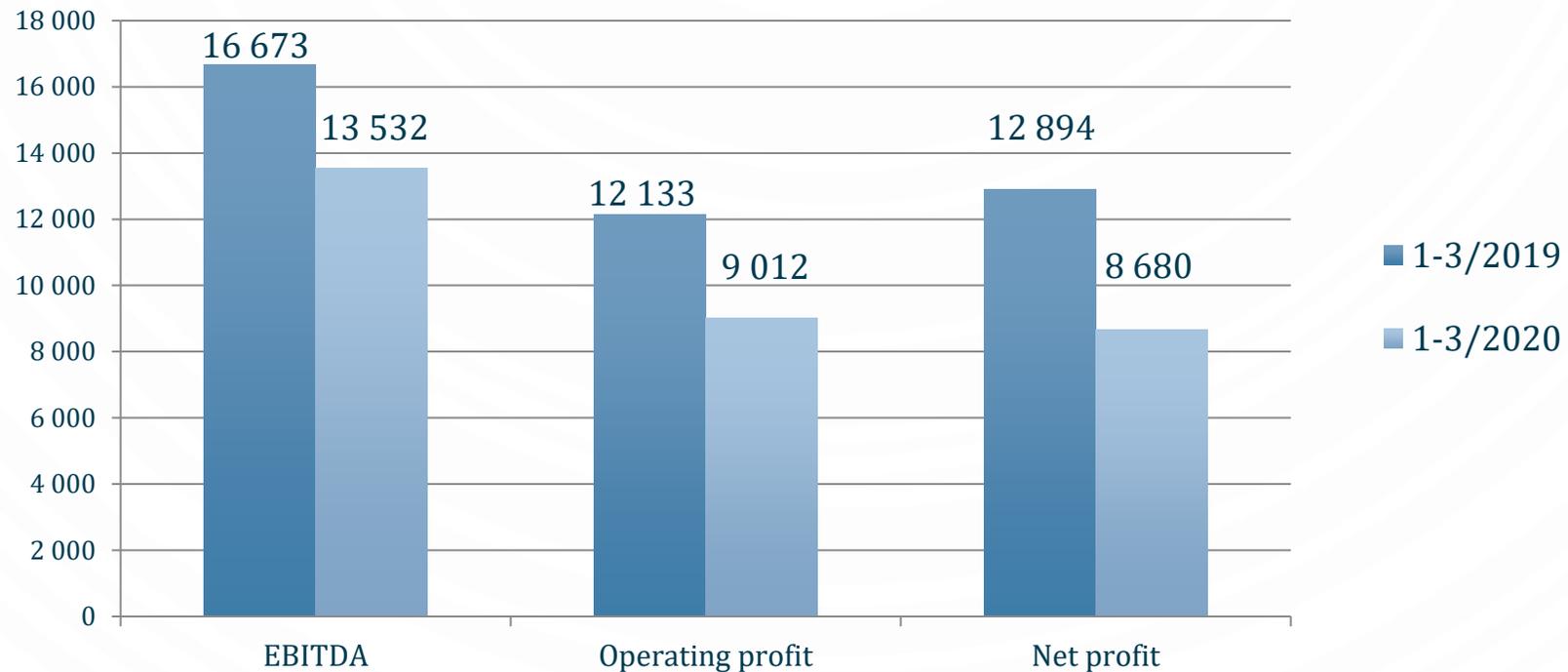
- **Net financial revenues/ (expenses)** decrease by BGN 1,5 million compared to the first three months of 2019.

<b>Financial expenses</b>	<b>1-3/2020</b>	<b>1-3/2019</b>	<b>Change</b>	<b>Rel. share</b>
	<b>BGN '000</b>	<b>BGN '000</b>	<b>%</b>	<b>%</b>
Interest expense on loans received	310	254	22%	82%
Bank fees on loans and guarantees	71	40	78%	13%
Interest expense on operating lease	19	15	27%	5%
Net loss from exchange differences on leases	4	-	-	0%
<b>Total</b>	<b>404</b>	<b>309</b>	<b>31%</b>	<b>100%</b>

# Financial result of the activity



- **EBITDA** decreases by BGN 31 million or by 18.8% to BGN 13,5 million compared to BGN 16,7 million in the first three months of 2019.
- **Profit from operating activities** decreases by BGN 3,1 million or 25.7% to BGN 9 million in the first three months of 2020 compared to BGN 12,1 million in the first three months of 2019.
- **Net profit** decreases by BGN 4,2 million or by 32.7%, to BGN 8,7 million in the first three months of 2020 compared to BGN 12,9 million in the first three months of 2019.



## Assets

- **Total assets** increase to BGN 696,9 million.
- **Non-current assets** increase by BGN 3,2 million.
- **Current assets** increase to BGN 216,7 million.
- **Inventories** increase by BGN 5,5million.
- **Receivables from related parties** increase by BGN 10,6 million.
- **Commercial loans to third parties** decrease by BGN 0,3 million.
- **Other receivables and prepaid expenses** increase by BGN 6,2 million.
- **Cash and cash equivalents** decrease by BGN 0,06 million.



	31.03.2020	31.12.2019	Change	Rel. share
	BGN '000	BGN '000	%	
<b>Non-current assets</b>				
Property, plant and equipment	224 294	224 654	0%	47%
Intangible assets	8 278	8 524	-3%	2%
Investment property	41 083	39 329	4%	9%
Investments in subsidiaries	87 146	87 146	0%	18%
Investments in associated companies	6 062	6 062	0%	1%
Other long-term equity investments	10 136	9 621	5%	2%
Long-term receivables from related parties	92 686	91 794	1%	19%
Other long-term receivables	10 541	9 897	7%	2%
	<b>480 226</b>	<b>477 027</b>	0.7%	69%
<b>Current assets</b>				
Inventories	66 844	61 365	9%	31%
Receivables from related parties	107 632	97 014	11%	50%
Trade receivables	20 249	27 212	-26%	9%
Loans granted to third parties	5 769	6 044	-5%	3%
Other receivables and prepaid expenses	12 315	6 144	100%	6%
Cash and cash equivalents	3 902	3 959	-1%	2%
	<b>216 711</b>	<b>201 738</b>	7%	31%
<b>TOTAL ASSETS</b>	<b>696 937</b>	<b>678 765</b>	3%	100%

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



- The equity of “Sopharma” AD** increase by BGN 7,8 million or by 1% to BGN 530,4 million as at 31 March 2020 compared to BGN 522,6 million as at 31 December 2019, mainly as a result of the increase in retained earnings by BGN 8,8 million.
- Non-current liabilities** decrease by BGN 2,2 million or 11% to BGN 18,5 million at the end of current period in 2020 compared to BGN 20,7 million as at 31 December 2019 mainly in the part of long-term bank loans by BGN 1,8 million.

<b>EQUITY</b>	<b>31.03.2020</b>	<b>31.12.2019</b>	<b>Change</b>	<b>From owners' equity 2020</b>
	<b>BGN '000</b>	<b>BGN '000</b>	<b>%</b>	<b>%</b>
Share capital	134 798	134 798	0%	25%
Treasury shares	(34 142)	(34 142)	0%	-6%
Reserves	381 565	382 549	0%	72%
Retained earnings	48 228	39 439	22%	9%
<b>TOTAL OWNERS' EQUITY</b>	<b>530 449</b>	<b>522 644</b>	<b>1%</b>	<b>100%</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Long-term bank loans	596	2 398	-75%	0%
Liabilities on deferred taxes	6 185	6 209	0%	4%
Government grants	4 743	4 858	-2%	3%
Operating leasing liabilities to related parties	1 394	1 610		1%
Operating leasing liabilities to third parties	1 002	954		1%
Long-term liabilities to personnel	4 551	4 638	-2%	3%
	<b>18 471</b>	<b>20 667</b>	<b>-11%</b>	<b>11%</b>

# Current liabilities



- **Increase:**
  - short-term bank loans by BGN 7,3 million;
  - commercial liabilities with BGN 2 million;
  - liabilities to related parties by BGN 1,1 million;
  - liabilities to personnel by BGN 0,6 million;
  - liabilities for taxes by BGN 1,7 million.
- **Decrease:**
  - other current liabilities by BGN 0,2 million.

**Total exposure to bank loans** of the Company as of 31 March 2020 increases by BGN 5,5 million compared to 31 December 2019.

Current liabilities	31.03.2020	31.12.2019	Change %	Rel. share
	BGN '000	BGN '000		
Short-term bank loans	107 717	100 359	7%	65%
Short-term part of long-term bank loans	7 174	7 181	0%	4%
Commercial liabilities	8 045	6 074	32%	5%
Liabilities to related parties	7 798	6 664	17%	5%
Liabilities for taxes	4 055	2 329	74%	2%
Liabilities to the personnel and for social insurance	7 876	7 266	8%	5%
Other current liabilities	5 352	5 581	-4%	3%
	<b>148 017</b>	<b>135 454</b>	9%	89%
<b>TOTAL LIABILITIES</b>	<b>166 488</b>	<b>156 121</b>	7%	100%
<b>TOTAL OWNERS' EQUITY AND LIABILITIES</b>	<b>696 937</b>	<b>678 765</b>	3%	

# Cash flow and ratios



- Net cash flows in the first three months of 2020 generated:
  - by operating activities – BGN 2,1 million inflow;
  - from investment activity – BGN 6,8 million outflow;
  - from financial activity - BGN 4,6 million outflow.
- As a result of these activities, cash and cash equivalents decrease net by BGN 57 thousand and by 31 March 2020 amount to BGN 3,959 million compared to BGN 3,902 million as at 1 January 2020.

	31.03.2020	31.12.2019
ROE <sup>1</sup>	7.0%	7.9%
ROA <sup>2</sup>	5.3%	6.0%
Asset turnover <sup>3</sup>	0,33	0.35
Current liquidity <sup>4</sup>	1,46	1,49
Quick ratio <sup>5</sup>	1,01	1,04
Cash/current liabilities <sup>6</sup>	0,03	0,03
Owners' equity/liabilities <sup>7</sup>	3,19	3,35
	1-3/2020	1-3/2019
	BGN '000	BGN '000
Net cash flow from/ (used in) operations	2 133	8 518
Net cash flow used in investment activities	(6 756)	(61404)
Net cash flow (used in)/from financial operations	4 566	45 623
<b>Net increase/(decrease) of cash and cash equivalents</b>	<b>(57)</b>	<b>(7 263)</b>
Cash and cash equivalents on 1 January	3 959	8 971
<b>Cash and cash equivalents on 31 March</b>	<b>3 902</b>	<b>1 708</b>

1 Net profit on an annual basis attributable to equity holders of the Company / arithmetic mean of non-minority interest for the last five three months years  
 2 Net profit on an annual basis attributable to equity holders of the Company / arithmetic mean of total assets for the last five three months years  
 3 Revenue from sales on an annual basis / arithmetic mean of total assets over the last five three months years  
 4 Current assets / current liabilities  
 5 Receivables + Cash / Current liabilities  
 6 Cash / Current liabilities  
 7 Own capital / Liabilities



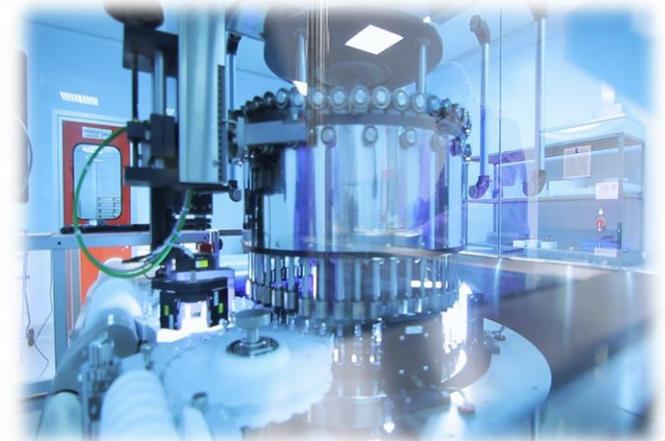
Individual financial results for the first three months of 2020

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## 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, Armenia, Kazakhstan and Kyrgyzstan were notified.
- **18** medical supplies were registered in the Ukraine (two) and Macedonia (sixteen);
- Submission of documentation for the renewal of the Marketing Authorizations for **29** medicinal products to agencies.
- **52** renewal for medicinal products approved by agencies.
- **239** 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 stotinki per share voted at the General Meeting of Shareholders on 13 December 2019. The persons registered in the “Central Depository” AD as shareholders on the 14th day after the day of the General Meeting, namely 27 December 2019 have a right to dividend.
- On 22 April 2020, the company received BGN 30 million, which are paid interest and loans from an associate and a controlled company by it (“Doverie - Obedinen Holding” AD and “Doverie Invest” AD).



## 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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